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**Texas School Finance System: Superintendents' Perceptions of
Funding Issues Contributing to Equity and Adequacy**

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Abstract

Texas School Finance System: Superintendents' Perceptions of Funding Issues Contributing to Equity and Adequacy

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Few studies have previously been focused on what superintendents recommend for creating a fair and equitable school finance system in Texas. Superintendents were interviewed to illuminate the school finance issues faced by urban school districts. This study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. The research questions were the following: (a) What factors do superintendents' believe affect the Texas school finance system in terms of equity and adequacy? (b) How do superintendents characterize challenges within the Texas school finance system? (c) How do superintendents use their experiences to address equity and adequacy within the Texas school finance system? This study followed a qualitative, interpretivist design as part of presenting the multiple case studies. Three participants based on purposefully sampling from the population of superintendents of urban public school districts in Texas served along with artifacts from

their districts as the multiple case studies. Data sources included interviews and pertinent artifacts. The findings of this study represented three key areas: (a) factors superintendents' believe affect the school finance system in terms of equity and adequacy, (b) superintendents' characterizations of the challenges within the Texas school finance system, and (c) utilization of superintendents' experiences to address equity and adequacy within the Texas school finance system. The superintendent perspective could assist governing bodies understand students' needs, requirements, and accountability priorities so that equitable and adequate funding could occur through updating the weighted average daily attendance system, revising the funding formulas to include socioeconomic student enrollment, and critical programs and/or needs for accountability.

Table of Contents

Abstract	iv
List of Tables	ix
Chapter One: Introduction	1
Problem and Rationale of the Study	2
Purpose of the Study	3
Research Questions	4
Definitions.....	4
Methodological Scope of the Study	9
Assumptions.....	9
Delimitations.....	9
Limitations	10
Significance of the Study	10
Summary	11
Chapter Two: Literature Review	12
Historical Context	12
Historical Perspective: United States.....	15
Historical Perspective: Texas.....	19
Contemporary Texas School Finance System	22
Relationship Between School Finance and Accountability	28
The Student Achievement Versus School Funding Paradox	30
Summary	32

Chapter Three: Methodology	35
Research Design.....	35
Participant Selection	36
Data Sources and Instrumentation	36
Procedures	37
Researcher Positionality.....	38
Trustworthiness and Credibility.....	39
Data Analysis Procedures	39
Summary	40
Chapter Four: Findings	42
Study Context and Cases’ District Profiles.....	43
Alpha ISD Profile	43
Beta ISD Profile	45
Delta ISD Profile.....	49
Participant Profiles.....	52
Findings for the Research Questions	53
Research Question 1: What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?.....	54
Research Question 2: How do superintendents characterize challenges within the Texas school finance system?.....	62
Research Question 3: How do superintendents use their experiences to address equity and adequacy within the Texas school finance system?	69

Summary	80
CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND IMPLICATIONS	82
Summary of the Study	83
Literature Review.....	84
Purpose and Research Questions	87
Methodology	87
Summary and Discussion of the Findings	88
Factors Affecting the School Finance System	88
Characterization of Challenges	92
Utilization of Experience	94
Implications for Practice and Further Research.....	97
Recommendations for Practice	98
Recommendations for Research	98
Conclusions.....	99
Appendix A: Interview Guide.....	103
References	105

List of Tables

Table 1. Student Outcome Goals and Priorities for Alpha ISD45

Table 2. Alpha, Beta, and Delta School Districts’ Demographics.....52

Table 3. Profiles of Superintendents from Alpha, Beta, and Delta School Districts53

Chapter One: Introduction

Education is the bedrock of an informed democracy and the bridge to lifelong opportunities. Henry Peter Brougham summed up this need for educating citizens in 1828: “Education makes a people easy to lead, but difficult to drive; easy to govern, but impossible to enslave.” In 1954, the United States (U.S.) Supreme Court ruled that all public schools should serve all students equally regardless of race in its *Brown v. Board of Education of Topeka, Kansas* decision, under which the era of federal protection of equality for public education began (Lynch, 1998). The 1965 creation of the Elementary and Secondary Education Act (ESEA) delineated the federal government’s role in regulating public education across the nation. However, a review of the litigation and legislation demonstrates that ensuring equity for all students is surprisingly elusive and complex (Harvard Law Review, 2015). Public school funding gained greater scrutiny as a result of the 1954 decision and the 1965 legislation, in addition to the various court cases that have made their way through the system since 1954.

Today, Texas relies on its public education system to develop a talented workforce and promote shared prosperity. The public school finance system in Texas experienced both judicial and legislative reforms, as the state continued to seek remedies to provide a high level of equalized funding to result in both educational efficiency and adequacy (Kauffman, 2008; Saleh, 2011). The legislature’s Senate Bill 7 (SB 7) established formulas for school funding equalization and recapture which directed wealthier districts to give proportions of their property tax revenues to less funded districts (Benson & Marks, 2005).

Although the research findings have been contradictory on whether school funding improves student outcomes, evidence has been produced to suggest how money is spent in schools is directly tied to student academic achievement (Jackson et al., 2015; Lafortune, Rothstein, & Schanzenbach, 2016). Specifically, research evidence has shown superintendents wisely prioritizing spending to improve student outcomes (Sherman, 2008). A critical benefit of studying school financing from a context perspective included opportunities for closing the achievement gap between economically disadvantaged and non-economically disadvantaged students. Achievement gap closure was a worthy endeavor as were the likely benefits of pursuing changes in the Texas school finance system for educating the state's growing low-income student population. In the remainder of this chapter, the proposed study's problem, purpose, significance, and other considerations appear.

Problem and Rationale of the Study

Cortez (2009) and Kauffman (2008) encouraged further research regarding how to improve the school finance system in Texas, particularly in urban districts serving growing numbers of economically disadvantaged students because of two areas that lack needed research findings. Warren (2008) and Dlott (2007) noted the lack of qualitative research involving superintendents' perspectives in redesigning school funding formulas and supported targeting this population. Few studies have focused on what superintendents recommend for creating a fair and equitable school finance system in Texas. It is the superintendents who lead local school districts' efforts to meet the needs of all students, including economically disadvantaged students. Superintendents might be

the best source of information for illuminating the factors and challenges contributing to inequities based on their experiences leading urban school districts. Furthermore, the gap in the literature regarding the perceptions and attitudes about challenges and experiences leading and managing their school districts' budgets while being held accountable for student academic achievement needed narrowing.

To fulfill its promise for the next generation of young Texans, sufficient financial support for all students to get a quality education, no matter where they live or from what backgrounds they come, and a more effective, equitable finance system based on rigorous examination of contextual factors was necessary. The financing of public schools in Texas had a long history of conflicts and complexities inescapable to the study of Texas school funding. As in most states, there was debate in Texas between those calling for more funding for education and those contending that no more money could be afforded for education. In addition, there was pressure to balance the great disparity existing between high poverty and low poverty school districts as well as the school finance system and the historical events that shaped the present school finance system. The current school finance system was also subject to issues of equity and adequacy in recent legislation in Texas.

Purpose of the Study

This study was undertaken and designed to elicit and analyze superintendents' perceptions of factors, challenges, and experiences regarding how they navigate the Texas school finance system to achieve their school district goals and priorities while simultaneously being held accountable for student academic success serving diverse

student populations. The purpose of the study was achieved using a qualitative, interpretivist design for the analysis of the data of the multiple case studies (Roth & Mehta, 2002).

Research Questions

The following research questions guided the research process and determined the methods in the study:

1. What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?
2. How do superintendents characterize challenges within the Texas school finance system?
3. How do superintendents use their experiences to address equity and adequacy within in the Texas school finance system?

Definitions

The terms in this section are often used in reference to school funding in Texas by superintendents and districts' chief financial officers. These terms' definitions might aid the reader in understanding jargon that superintendents used during their interviews. The terms appear in alphabetical order.

Available school fund. The fund includes constitutionally dedicated fuel taxes and other miscellaneous sources as well as the earnings of the permanent school fund (PSF). The funds are distributed on a per capita basis to school districts (Texas State Historical Association, 2019).

Adequacy. The state of funding education at a level that provides for the general diffusion of knowledge to all students, regardless of students' individual circumstances or the geographic area in which they reside (Texas Education Agency, 2018a).

Average daily attendance (ADA). This term refers to the way students are counted as attending school for the purpose of providing state aid to school districts. The students are counted in attendance each day, and the attendance count is averaged over the year (Texas Association of School Boards, 2016).

Basic allotment. After adjustment, this term refers to the starting number used to calculate foundation program costs and state aid to school districts. In 2017, the basic allotment was \$5,140 (Texas Education Agency, 2018b).

Chapter 41 district. Created by Chapter 41 of the Texas Education Code, this term refers to a district that has property wealth in excess of \$305,000 per weighted student. In 2004-2005, there were 135 Chapter 41 districts. By 2017, the number increased to 451 (Texas Education Agency, 2018a).

Chapter 42 district. This term refers to a property-poor district that receives additional funding due to the surrender of funds from Chapter 41 districts (Texas Education Agency, 2018b).

Compensatory education. This term refers to a state allotment of additional financial support to school districts to teach educationally disadvantaged and underachieving students. The allotment is based on the number of students participating in the free and reduced-price lunch program (Texas Education Agency, 2018b).

Equity. This term refers to the equal and fair distribution of resources for education when seeking to address student differences and school district characteristics. Equity is defined by the Texas Supreme Court as a taxpayer equity standard, meaning similar revenue for similar tax effort and resulting in a financial system designed to be property wealth neutral. A district's property tax base is expected to have little or no effect on its ability to finance the local share of the state's foundation school program (FSP; Texas Education Agency, 2018a).

Facilities. This term refers to the physical structures designed or built for a particular function or service within a school district. For this study, facilities referred to all school district buildings, whether or not the building actually housed students (Texas Education Agency, 2018b).

Fiscal capacity. The term references the maximum amount of state and local funds available to local districts under current school finance formulas and the tax cap (Texas Education Agency, 2018b).

Foundation school program (FSP). A two-tiered system supporting a basic instructional program for all Texas school children. The first tier provides funding for a basic instructional program. The second tier provides a guaranteed yield system so that districts have equal access to revenue to ensure an accredited program. The FSP funds form from a portion of the state budget and are dedicated exclusively to funding public education. The fund consists of tax collections transferred from other state accounts (Texas Education Agency, 2018b).

General revenue fund. The fund that is used to provide most state educational programs, consisting of money collected from state taxes and other non-dedicated sources (Texas Education Agency, 2018b).

Guaranteed yield. This term represents an allotment included in Tier 2 of the FSP to ensure that districts' taxing at equal levels have access to equal levels of education, regardless of property values (Texas Education Agency, 2018b).

Hold harmless. This provision is in place to protect a school district from a significant loss of revenue within a short period of time because of a significant change in a funding formula or source (Texas Education Agency, 2018a).

Permanent school fund (PSF). Created by the Texas Constitution in 1876, this fund is a permanent source of earnings for the available school finances for distribution on a per capita basis to counties for students enrolled in Texas' public schools. This source involves funds for textbook purchases. Investments in the PSF include Texas municipal bonds, school district building bonds, securities, and U.S. Treasury bonds (Texas Education Agency, 2018b).

Recapture. This provision in Chapter 41 of the Texas Education Code requires local district with property wealth per student in excess of a specified amount to give the excess funds back to the state to be redistributed through the FSP. Recapture is known as the Robin Hood provision of the Texas school finance equalization system (Texas Education Agency, 2018a).

Tax cap. This term refers to the ceiling on the maintenance and operations tax rate that was set at \$1.50 per \$100 of taxable value at the time of the study (Texas Education Agency, 2018b).

Tier 1. The foundation funding level involves a calculation of Tier 1 funding that begins with the basic allotment whose base level of funding for each student is ADA. The state multiplies the basic allotment of ADA by district adjustments including the cost of education index (CEI), small and midsize district adjustments, and sparsity adjustment (Texas Association of School Boards, 2016).

Tier 2. This level of funding provides additional funds to school districts in addition to the basic funding level provided by Tier 1. The Tier 2 tax rate generates resources for education in the form of a guaranteed yield (Texas Association of School Boards, 2016).

Wealth. The taxable property value calculated based on each student and weighted average daily attendance (Texas Education Agency, 2018a).

Weighted average daily attendance (WADA). An adjustment in the ADA to allow for differences in the cost of educating students representing specific categories of need. Weighted programs serving students with specific needs including bilingual, gifted and talented, compensatory education, vocational programs, and special education. The WADA student count is used to distribute guaranteed yield funding (Texas Association of School Boards, 2016).

Methodological Scope of the Study

This study followed a qualitative, interpretivist design for providing data about the superintendents' lived experiences, beliefs, and challenges with school finance in Texas (Roth & Mehta, 2002). The multiple case study data allowed the researcher to understand the superintendents' experiences and to gain a deeper understanding of the factors and challenges related to funding issues in terms of equity and adequacy. Three participants were recruited using purposeful sampling among the population of superintendents of urban public school districts in Texas. Data sources included interviews and pertinent documents provided by the participants or obtained through the Texas Education Agency (TEA) reporting system. The study was bounded according to the researcher's assumptions, delimitations, and limitations.

Assumptions

In this study, the researcher assumed that Texas school districts utilize per pupil funds on basically the same items that include staff, materials, and facilities. The researcher assumed that the data reported by the TEA were accurate. Finally, the researcher assumed the participants would be honest and forthright during their interviews.

Delimitations

Several delimitations represented the boundaries for the three superintendents participating in the case studies. The data were delimited to urban school districts found in the TEA reporting system, namely from the Texas Academic Performance Reports (TAPR). The researcher focused on selecting superintendents who led urban public

school districts in Texas. Participants were in their current superintendent roles for 1 or more academic years prior to their interviews with at least 3 years of superintendent experience.

Limitations

The limitations were dictated by the delimitations. The findings might not generalize beyond Texas because only Texas public school districts were represented. Generalizing the findings to other settings, such as low-poverty settings or settings outside of urban communities, might be limited. The criteria for choosing superintendents of urban districts who were in their current roles for 1 or more academic years limited the findings from representing superintendents of districts in suburban or rural areas or who represented more or less experience. The sample size was small with only three participants who provided data based on selective or altered recall. Also, the findings might not reflect the content that superintendents new to their districts would provide in a study allowing those superintendents to participate. Finally, the transferability of the findings was up to the consumer.

Significance of the Study

The study of the factors, challenges and experiences of superintendents who administered the funds a district receives might enable equitable funding initiatives to be developed. The findings from this study might add to the existing knowledge regarding improving the Texas school finance system for urban school districts. Policymakers might gain a better understanding of aspects of the Texas school finance system that influenced academic success in urban school districts to shape future policy decisions.

Furthermore, the researcher illuminated the promising practices for school leaders and policymakers interested in improving the Texas school finance system for urban school districts.

Summary

This chapter introduced the study by noting that few studies were focused on what superintendents recommend for creating a fair and equitable school finance system in Texas. The researcher sought for superintendents to illuminate the challenges and experiences that contributed to equity and adequacy in urban school districts. This study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. The researcher followed a qualitative, interpretivist design for presenting the multiple case study. Three participants were recruited based on purposefully sampling from the population of superintendents of urban public school districts in Texas. Data sources included interviews and artifacts. Because the findings from this study might add to the existing knowledge regarding improving the Texas school finance system for urban school districts, the review of the literature that led to the need for the study appears in Chapter 2.

Chapter Two: Literature Review

This study was undertaken and designed to elicit and analyze superintendents' perceptions of factors, challenges, and experiences regarding how they navigate the Texas school finance system to achieve their school district goals and priorities while simultaneously being held accountable for student academic success serving diverse student populations. Thus, the literature pertaining to superintendents and school finance in addition to school finance's effects on student achievement was reviewed.

In conducting this review of the literature concerning funding of Texas public schools, the following keyword search terms were employed to find peer-reviewed research using the EBSCOhost, ERIC and Education Source databases: school funding, efficiency, Texas' school finance system, equity, adequacy, recapture, superintendent, viewpoint, money, property taxes, formulas, and economics. Research studies regarding a variety of perspectives of the importance of public school funding were gathered. The time frame of studies ranged from the mid-1990s to the present. Four strands of literature appear in this review. These include the history of the funding of public education, an overview of Texas' school finance system, an examination of the relationship between accountability and education quality, and the paradoxical research related to school funding. The review begins with historical context.

Historical Context

One of the hallmarks of the U.S. educational system is the country's belief in universal access to public schools. In 1810, Thomas Jefferson wrote the following to John Tyler:

I have indeed two great measures at heart, without which no republic can maintain itself in strength: 1. That of general education, to enable every man to judge for himself what will secure or endanger his freedom. 2. To divide every county into hundreds, of such size that all the children of each will be within reach of a central school in it. (p. 2)

Jefferson not only drafted the Declaration of Independence but also wrote prolifically as a prophet of U.S. education and believed education was the foundation of democracy. “If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be,” he wrote to Charles Yancey in 1816. Jefferson understood that freedom depends on self-government through the cultivation of self-reliance, courage, responsibility, and moderation (Meacham, 2012).

By proposing a bill in Virginia that would have established free schools every five to six square miles, Jefferson wanted to guarantee that all children would learn reading, writing, and arithmetic (Malone, 1951). Jefferson viewed basic education as instrumental to securing “life, liberty, and the pursuit of happiness” for Americans by ensuring individuals’ knew their rights and understood their duties as citizens to continue the philosophy of the fledgling nation (Meacham, 2012). During his lifetime, Thomas Jefferson had little success with his efforts to reform the American education system (Meacham, 2012). However, the principles he promoted hold true today: Constitutionally guaranteed freedoms depend on delivering a quality education to future generations (Peterson, 1960).

Thus, the U.S. government has delegated the creation and operation of public school systems to state governments through a decentralized structure serving approximately 90% of the nation's students (National Center for Education Statistics [NCES], 2017). However, this decentralization has led to disparities in public school systems across the 50 states and territories (Biddle & Berliner, 2002). Most public school districts in America are funded by local property taxes resulting in school revenue disparities (National Center for Education Statistics [NCES], 2017). High poverty communities tend to have lower home values and generate less tax revenue while high wealth neighborhoods collect more tax dollars, necessitating the high poverty communities to have higher tax rates and wealthier districts to have lower property tax rates (NCES, 2018). Texas is no exception in this disparity in generated revenue for the funding of public education.

Nonetheless, there has been much debate and research regarding the methodology and equity of public school finance and student academic achievement with conflicting data regarding the actual positive effects (Biddle & Berliner, 2002; Cortez, 2009). Therefore, how the amount of funding affects student outcomes continues to be debated (Rubenstein, 2016). Unfortunately, little agreement about the contextual factors to consider when recommending changes to funding formulas has occurred (Rubenstein, 2016). How to solve school finance problems continues to be prominent on states' policy and judicial agendas. Additionally, prior research efforts included primarily quantitative studies focused on the relationship between money and student academic achievement rather than contextual factors affecting decision making that could be explored with

districts' central administrators, such as superintendents (Campbell, 2012; Cruz, 2006). With the ruling in *Morath v. Texas Taxpayer & Student Fairness Coalition* 2016, the 85th Texas legislature in 2017 created a 13-member commission to study, research, and make recommendations for meaningful and substantive changes to the state's school finance system (Swaby, 2017).

While the Texas Commission on Public School Finance (2018) has assisted policymakers and educators in Texas to better understand that how money is spent has a greater impact than how much money is funded, the commission's findings were detached from the contextual considerations made in many Texas school districts. The commission did not account for district leaders' experiences and minimized the actual impact of factors such as a district's percentage of economically disadvantaged students. However, the commission acknowledged that a "more of the same" approach to school finance in Texas was not adequate (Texas Commission on Public School Finance, 2018, p. 2). Therefore, the literature review related to Texas' school finance system and the implications for redesigning the current funding formulas. As the need for a higher quality academic and skilled workforce and citizenry increases across the country, there exists a need to further understand the perceived factors, challenges, and experiences, particularly from practitioners, of current finance systems on a state by state level that may contribute to improving the methods used in funding public schools.

Historical Perspective: United States

A proper understanding of the constitutional questions pertaining to the United States' public school funding infrastructure begins with one question: What kind of right

to education exists in America? A review of litigation and legislation demonstrates that the answer to this seemingly simple question is surprisingly elusive and complex (Harvard Law Review, 2015). Research into public school funding litigation paints a picture of evolving state and federal education doctrines in which no settlement on a definitive right to education under the U.S. Constitution has been attained (Dayton & Dupree, 2004; Saleh, 2011). In fact, consistent efforts on the part of civil rights advocates to secure a substantive or a fundamental right to education have been largely unsuccessful at the federal level. Neither the federal government nor the Courts have ever recognized education as a fundamental constitutional right (Saleh, 2011).

In 1954, the U.S. Supreme Court ruled on *Brown v. Board of Education of Topeka, Kansas*, under which a new era of federal protection of equality formed in the public education arena (Lynch, 1998). With its sweeping *Brown* decision that discredited racial segregation in public schools, the Supreme Court completely recharacterized public education in the jurisprudential context (Chaltain, 2011; Lynch, 1998; Reilly, 2000). As the author of the Court's majority decision, Chief Justice Earl Warren characterized public education in the following:

Today, education is perhaps the most important function of state and local governments. Compulsory school attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education in our democratic society. It is required for the performance of our most basic public responsibilities, even service in the armed forces. It is the very foundation of good citizenship. Today, it is a principal instrument in awakening the child to cultural

values, in preparing him for later professional training, and in helping him to adjust normally to his environment. In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has undertaken to provide it, is a right which must be made available to all on equal terms. (p. 493)

Warren's words solidified public education as an important right in America, and almost 60 years later, this equal right resonates as both a powerful appeal to the importance of education in a democracy and a meaningful indictment of unequal educational opportunity (Chaltain, 2011; Lynch, 1998). The landmark case, *Brown*, decision guaranteed, at least in theory, that skin color would no longer determine what school any child attended. By the 1960s, an extension of the *Brown* ruling gave rise to yet another tenet of thought: States must not allow academic achievement gaps between White and minority students ("Education policy litigation," 2015). However, the debate over how to fund schools equally was only just beginning in 1954.

The 1965 creation of the Elementary and Secondary Education Act (ESEA) established the federal government's role in regulating public education across the nation. ESEA began the trek toward accountability by ensuring disadvantaged communities could receive the fiscal resources necessary to provide America's students with an equitable, quality education. School districts and campuses began to be held responsible by policymakers and taxpayers to provide a quality education for every student. As ESEA was renewed and amended, overtime, school accountability grew and was built around the three principles of creating rigorous academic standards, measuring student

progress against those standards, and attaching some consequence to the results. By 2002, No Child Left Behind (NCLB) ensured the federal government would have the authority through its funding initiatives to require all schools meet its accountability criteria (Sherman, 2008).

Meanwhile, state governments continued to exercise primary accountability and oversight for public schools (Friedman, 1962). All states' constitutions include clauses requiring their states' legislative bodies to provide free public education to all children (National Conference of State Legislatures [NCSL], 2001). The states' constitutions include basic provisions for education and give state governments the authority to establish departments of education and to pass laws governing school practices (Friedman, 1962). For example, Article 7 of the Texas Constitution requires the "DUTY OF THE LEGISLATURE OF THE STATE to establish and make suitable provision for the support and maintenance of an efficient system of public free schools" (Tex. Const. art. VII. §1).

To accomplish these responsibilities, state departments of education created school districts (NCES, 2017). State governments have often chosen to delegate much of their authority to local school districts that are governed by school boards that contain members most often elected by the public (Campbell, 2012). Together, federal and state governments provide slightly more than half of the needed funding, but school boards are responsible for producing the funds to meet the gaps in their budgets (Leachman, Albares, Masterson, & Wallace, 2016).

Historical Perspective: Texas

A thorough historical examination of school funding in Texas contributed to understanding how previous litigation, legislation, and court rulings impacted the current system of school funding (Saleh, 2011). In addition, subsequent researchers described the issues of adequacy and equity based on the Texas Supreme Court's decision regarding public school finance (Alexander & Wall, 2006; Walter & Sweetland, 2003). Essentially, the evidence suggested the public school finance system in Texas experienced both judicial and legislative reforms, and the state continued to seek remedies to provide a high level of equalized funding to result in both educational efficiency and adequacy (Kauffman, 2008; Saleh, 2011).

On the other hand, the 1971 court ruling establishing the Texas school finance system as unconstitutional was reversed on appeal in the 1973 case, *San Antonio Independent School District [ISD] v. Rodriguez*. The U.S. Supreme Court reiterated that while unfair, the Texas' school finance system did not violate the U.S. Constitution due to education regarded as a "service performed by the state." Moreover, the Court said education did not constitute a fundamental right eligible for "explicit protection under the federal constitution." Finally, the Court said, "No other state function is so uniformly recognized as an essential element of our society's well-being." The *Rodriguez* case effectively relieved the federal government from the constitutional burden of promoting an equitable public education and directed the states to fulfill this responsibility (Thro, 1993).

In 1987, a Texas district court found that the state's financing system violated both the "equal protection" and the "efficient system" clauses of the state's constitution (*Edgewood ISD v Kirby*). In 1989, the Texas Supreme Court upheld education as a fundamental right under the Texas Constitution and cited "glaring disparities" in spending between wealthy and poor districts that violated the "efficiency" clause (*Edgewood I*). In June of 1990, the legislature approved Senate Bill 1 (SB 1) that was touted by its creators as a "significant step in the right direction." Cortez (1990) concluded that SB 1 incorporated few significant changes to the state funding system and the legislature simply put more money into the system. SB 1 provided more money but little change. Consequently, *Edgewood* challenged SB 1 in 1990, and in January of 1991, the Texas Supreme Court affirmed the lower court's rejection of SB 1, stating that its primary flaw was "its overall failure to restructure the system" (Yudof, 1991).

The 1991 opinion, referred to as *Edgewood II*, noted that funding schools would be more efficient if the resources had by wealthy districts were shared alongside any remaining state resources and called on the Texas legislature to take immediate action (Cardenas, 1997). Thus, the legislature met and proposed a constitutional amendment to allow for a statewide property tax to correct the system. On May 1, 1993, the voters overwhelmingly rejected the initiative. Therefore, the legislature responded with Senate Bill 7 (SB 7) which included an important and controversial new element in which equalization/recapture formulas directed wealthier districts to give proportions of their property tax revenues to less funded districts (Benson & Marks, 2005).

The plan became known as Robin Hood and was enacted by the Texas legislature in 1993 following the failed special election to amend the constitution for meeting the court-mandated equitable school financing for all school districts in the state (Cook, 2004). Like the legend of Robin Hood, who robbed from the rich and gave to the poor, the law was created to recapture property tax revenue from property wealthy school districts and distribute those funds to property poor school districts to equalize financing among all districts throughout Texas (Cook, 2004). Finally, in 1995, the Texas Supreme Court accepted the legislature's school funding plan. The goal of the new system was an attempt to prohibit wealthy districts from being able to raise revenue to provide benefits to their students that poorer districts found financially prohibitive prior to enacting Robin Hood (Cortez, 1995; Kauffman, 1995).

In an effort to examine the impact of Robin Hood, many studies ensued (Barba, Ginn, Grusendorf, & Heflin, 2016). More specifically, Simmons (2001) investigated the actual connection between the Robin Hood plan of property wealth redistribution or recapture on producing financial equity among Texas school districts. Simmons assessed the impact of Robin Hood on districts with cumulative property wealth greater than \$280,000 per pupil with those school districts with cumulative property wealth less than \$280,000 per pupil and finally to what extent there was a corresponding or inverse relationship. Simmons concluded that the Robin Hood plan did not perform as conceptualized and "produced a paradox involving the actual results of the process as opposed to the perceived results" (p. 87). SB 7, in 1995, was designed to manifest itself into dollars exported from property wealthy schools to property poor schools by affecting

the formula(s) and process of school funding (Center for Public Policy Priorities [CPPP], 1998). The Texas legislature passed SB 7 in 1993. In 1995, SB 7 met the test of the Texas Supreme Court and has essentially been in place since.

Contemporary Texas School Finance System

The primary source of school funding in Texas lays with local school districts' assessing property taxes on their residents (Berry, 2011). Importantly, Texas public school districts are legislatively supported through a state-funded program designed to establish a minimum educational threshold in every school relying on local property taxes for supplemental revenue (Coalition to Invest in Texas Schools, 2004). To date, Texas' public school funding comes from the federal and state funds and local school district property taxes. Most funding comes from local property taxes, which are collected from local property owners by school districts. Texas public school funds are administered through the state's FSP for regulating the amount of state and local funding due to school districts under Texas' school finance law and providing the state share of this funding to local school districts (Texas Taxpayers and Research Association Research Foundation, 2016). FSP is administered by the TEA, and in its current form, is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences" (Texas Education Code [TEC], Chapters 41, 42, & 46).

FSP dictates how much state funding school districts and charter schools are entitled to receive with formulas set in statute and considers both students' and districts'

characteristics including the number and type of students enrolled, district size, area geographic factors, and local taxable property values with corresponding tax rates (Barba et al., 2016). Generally, once entitlements are established, the formulas determine how much a district can generate locally (local share) through property taxes before making up the difference with state funds (state share). FSP has two main components of operations funding and facilities funding, each of which is tied to the tax efforts of school districts (Equity Center, 2017).

Through its operations funding section, the FSP assists school districts in the financing of maintenance and operations based on three apparatuses (TEA, 2018b). First, Tier I ensured school districts would receive a basic level of funding with calculations based on district characteristics, student characteristics, number of students in average daily attendance (ADA) with a basic allotment per student in ADA which is set in the General Appropriations Act (\$5,140 in FY2018 and FY2019) and the school district tax rate (generally, \$1.00 per \$100 of local school district property value; TEA, 2018b). Second, Tier II was designed to supplement the Tier I funding and to guarantee each district received enrichment, or a specific amount of money according to each student's WADA according to each penny of a school district's tax revenue above a specified level (TEA, 2018b). Third, revenue at the compressed tax rate according to the requirements of the property-tax-relief law was passed in 2006 and was modified in 2009 and 2011 to guarantee school districts set amounts of WADA funds (TEA, 2018b).

The facilities funding component of the FSP provides school districts with assistance for debt service related to school facilities through two programs to assist

school districts in funding facilities by equalizing the interest and sinking fund tax effort as follows:

1. Instructional facilities allotment program providing funding to school districts for debt service payments on debt associated with instructional facilities.
2. Existing debt allotment program providing funding to school districts for debt service payments on eligible bonded debt.

In 1983, Texas voters approved a constitutional amendment to provide school districts with the ability to use bonds guaranteed under the PSF (TEC, §45.055; 19 TAC §33.65). However, the dependence on property taxes puts a considerable burden to fund schools on local taxpayers. This substantial taxpayer burden has brought about issues of equity, which arise from differences in community property and local property wealth or lack of wealth. Furthermore, the property taxes available to generate revenue for a school district can determine the quality of education a child receives. Bartolomeo (2004) summed up the Texas education finance system as simply dependent on a student's zip code. In other words, a community in a geographic area with low property values receives less funding for its schools than a community in a geographic area with high property values (Bartolomeo, 2004). Under this tax system, children educated in a property poor community have less funding for education than children in a rich community because less tax revenue is generated. Communities with heavy dependence on local property taxes to fund schools suffer from equitable funding problems with the property tax method of school funding and cannot adequately manage competing priorities, thus school districts suffer from an increasing reliance on state government for

funding because of the local communities' lack of needed property tax revenue (Berry, 2011).

The Texas school finance system reliance on property taxes that vary widely throughout the state led to recapture as a mechanism in state funding formulas to ensure that districts' property wealth per student would not exceed defined levels, known as equalized wealth levels (Alexander, 2011; Cook, 2004). The recapture program known as Robin Hood is unique to Texas and ensures that a school district property wealth per student does not exceed certain levels set by the state in two different tiers (Moak & Associates, 2008). When a district's tax revenue exceeds the set amount, it is classified as a property wealthy district, subject to recapture with several options to reduce its property wealth that include sending money to the state to distribute to property poor districts or sending money directly to a property poor district as the Robin Hood effect (Benson & Marks, 2005; Equity Center, 2012).

When Robin Hood began, only 104 districts were subject to recapture; today that number is 451 (TEA, 2018a). The fairness and effectiveness of the Robin Hood plan continues to be questioned by the affected property wealthy and poor school districts (Cook, 2004; Bravo, 2017). Many argue, property wealthy districts with a significant number of low-income students suffer negative effects from recapture more so than property wealthy districts serving high-income students (Warren, 2008). Putting aside the question about fairness, it is important to examine and understand the effect recapture has on effectively educating all Texas children.

As noted in the discussion of the *Edgewood* cases, the successive legal challenges to the system in Texas focused on the definition of efficiency (Cortez, 2006). An efficient system of free public schools has been interpreted in the courts as one that is equitable (Scott, 2000). Equity in this context refers to horizontal equity which enables the equal treatment of equals or equal per-pupil expenditures across school districts (Cortez, 2008). Equity is a central component of the school finance structure and any proposed changes to the school finance structure are evaluated in terms of its effects on equity (Cardenas, 1997; Rubenstein, 2016). Rubenstein (2016) pointed out, what Cardenas (1997) had stated years prior, adjustments that diminish the equity of the system may be open to a constitutional challenge.

Key to equity arguments rests with whether the property wealthy school district subject to recapture is serving a high percentage of low-income students. Regardless of the percentage of low-income students in a district, Robin Hood does not provide adjustments when calculating payments from property wealthy districts (Baker, 2012). For example, Austin ISD reported 57% of students as coming from low-income families and contributing about \$406 million of property tax revenue to Chapter 42 districts in recapture payments each school year (TEA, 2017). Similarly, Houston ISD reported 76% of students were economically disadvantaged, yet the district remained subject to recapture payments (TEA, 2017).

These circumstances contribute to Texas' complicated history regarding the legality of its school finance system. *Morath v. Texas Taxpayer & Student Fairness Coalition* 2016 once again challenged the recapture of Robin Hood. Brought by a

coalition of more than 600 school districts, the case stemmed from the \$5.4 billion cuts in education funding from 2011. The 2016 case represented the seventh time the state's school finance system had been tested in court (Baker, Corcoran, & Center for American Progress, 2012; Bravo, 2017). Usually, court decisions force legislators to reform those systems affected by litigation (Texas Public Policy Foundation, 2016).

The Texas constitution establishes both a system of public education and the right to create taxing entities. One argument proposes that school tax should be redistributed equally among all Texas public school children (Center for Public Education, 2008). This approach to funding local school districts allows for the continuation of local control regarding policies, programs, and other educationally related decisions in a school district, by supporting decisions with the same amount of funds per pupil with similar property tax rates. However, the Center for Public Priorities (CPPP, 2009) showed low- and middle-income Texans pay a disproportionately high share of their income in state and local taxes compared to Texas' upper-income families. CPPP encouraged Texas' legislature to reform its school tax system to equalize the tax payments made by families at all income levels and to enable lower income families to pay a fair share of their income rather than continuing the practice of the state's tax burden falling disproportionately on the families who can least afford to pay higher taxes.

The state's school finance system has been adjusted only in response to court decisions that demand greater equality of access to per-pupil revenues for districts taxed at similar rates and has created a set of complex and convoluted formulas to support public schools (Equity Center, 2012). Many aspects of the Texas school finance system

have become increasingly misunderstood by Texas residents, and the system has continued to come under legal attack during the 21st century (Moak & Associates, 2008). The system of recapture is beginning to show the effects of its unintended consequences, as previously stated, and has become increasingly unpopular. The economic rationale for redistributing school funds from high-wealth to low-wealth school systems could be justifiable except that the system has not functioned as envisioned (Texas Taxpayers and Research Association Research Foundation, 2016). In fact, this past year \$5.4 billion were recaptured from high-wealth school systems, but those dollars were not spent on the education of low-wealth student populations (Taxpency Texas, 2017).

Because people support what they help to create and if Texas students are to be provided equitable education opportunities, Texas' school finance system needs to be redesigned with input from educators, central administrators, and local school board members. These are the people who manage school budgets and programs and know their students' needs. These stakeholders pose the greater ability to include features of educational planning that provide for greater equity and an excellent education for all students rather than an adequate one for most.

Relationship Between School Finance and Accountability

Successful school systems produce high student achievement (Boser, 2014). For some years, the debate has been ongoing regarding how to appropriately fund public education in order to produce high student achievement while also debating how to measure students' academic success in public schools (Baker, 2012; Belfield & Levin, 2007). Often, annual cross-sectional test scores have been examined to determine the

level of success of public schools (Fensterwald, 2015). This method for assessing student outcomes has been the cornerstone of the accountability era in education since 2002.

Accountability means holding schools, districts, educators, and students responsible for students' academic results and continues to be a word used non-stop in education (Sherman, 2008). Policymakers throughout the country reward achievement and punish failure in schools to ensure that children receive high quality education for the tax dollars collected (Hoover & Shook, 2003). Even now, these core values remain a central, albeit controversial element in American education after the NCLB era and into the new ESEA reauthorization era known as Every Student Success Act (ESSA) of 2015. However, states now have the authority to provide their own rules for accountability that has led to fierce discussions about what entity or agency has the power to hold schools accountable, what measures should be used to hold schools accountable, and what penalties or actions should be enacted when students do not achieve academically (McKenzie & Kress, 2015).

Texas' school finance system is facing big challenges, but they are not impossible to overcome. In addition, the challenges in funding cannot be resolved in isolation from the accountability standards requiring student achievement and growth. In fact, the Texas legislature has never comprehensively addressed the resources needed to meet the academic standards students in Texas need to achieve to ensure the state remains competitive economically (Center for Public Education, 2008). Whatever the solutions

are, the focus should be on schools securing as much money as necessary to ensure each child receives an equally great education.

The Student Achievement Versus School Funding Paradox

For many years, the nature of the relationship between spending and student achievement was surprisingly elusive (Baker et al., 2012). Many factors, including student poverty, parental education levels, and schools' organizations, contribute to students' educational results (Baker, 2012). Identifying the specific effect of money spent has been methodologically difficult (Hanushek, 2006). Opponents of increased school funding have seized on that ambiguity to argue that, for schools, money does not matter to children's academic outcomes (Baker, 2012). But new studies have produced findings that suggest this conclusion is mistaken. The money spent does matter in education (Jackson, Johnson, & Persico, 2015). Understanding the context within which money is spent offers fresh momentum to those filing lawsuits to ameliorate the effects of Robin Hood felt by property wealthy districts who serve high numbers of low-income students (Lafortune et al., 2016).

In July of 2016, economists Lafortune et al. provided examined students' test scores in the 26 states that changed the way they funded schools since 1990. The post-1990 period is important because in 1990 the courts changed how they ruled on the states' obligations to public school children. Previously, nearly all school funding lawsuits focused on the question of equity by asking the following: Did disadvantaged students receive funding equal to that of their well-off peers? Usually, the funding adjustments occurred in response to a lawsuit. Lafortune et al. compared those 26 states

with adjustments to the 23 states that had no funding changes. While no two states operated the same, all had increased funding levels to their poorest districts (Lafortune et al., 2016).

Lafortune et al. (2016) studied student outcomes based on the one test that is taken by a representative sample of school children nationwide: The National Assessment of Educational Progress (NAEP) which is administered by the U.S. Department of Education. Although NAEP results are published only for whole states and a small number of large urban school districts, the researchers gained access to individual student scores (Lafortune et al., 2016). Those data included information about each test taker's race, income, and school district. Lafortune et al. compared students' performance in poor and wealthy districts, before and after funding changes were enacted. They discovered a consistent pattern: In the long run, over comparable time frames, states that sent additional money to their lowest-income school districts demonstrated more academic improvement in those districts than states that did not add monetary allocations to poor districts. Lafortune et al. concluded that exposure to higher levels of public K-12 spending in school has a large beneficial effect on the students' academic outcomes, and those effects are much more pronounced for children from low-income families.

Because 92% of all K-12 funding comes from state and local sources, state lawmakers have a prudent reason to invest more money in those school districts educating the children from families with the least money. Current research does not offer robust information on the best use of allocated money (Baker et al., 2012). Baker (2012) and Hanushek (2006) cautioned against the unrealistic notion that states could

eliminate the achievement gap between poor and middle-class students by only cutting a few checks. Jackson et al. (2015) and Lafortune et al. (2016) used extensive data and quantitative methods to show an additional 10% of funding for low income students could increase their educational attainment by one-half year. That one-half year could be the difference between producing high numbers of high school graduates and producing more high school dropouts than acceptable. Change, with context and forethought, can be valuable when it results in significant improvement even without completely resolving the issue. There is little doubt that Texas would benefit with just improving the redistribution of school tax revenue.

Summary

This review offered a perspective of the body of literature focusing on the history of public education, an overview of the Texas School Finance System, an examination of the relationship between accountability and quality education, and the paradoxical research related to school funding. Improvement of education for all students is an economic imperative that requires action, and a new funding mechanism that is fair to all citizens regardless of what part of a city or county they reside needs to be developed in Texas. The challenges the school finance system created in Texas has led to opportunities for positive changes to the state's funding formulas; however, consensus over how to improve a poor but constitutional system of funding public schools continues to be elusive. The redistribution of revenue from property wealthy school districts to property poor school districts has yet to be equalized. It is ironic that nearly 25 years ago, in the

closing comments of his book, *Texas School Finance Reform – An IDRA Perspective*, Dr. Jose A. Cardenas (1997) prophetically wrote:

The Edgewood series of cases has produced a clear and strong statement that the Texas Constitution does require the legislature to provide for equality of access to funds in the school finance system. The most recent Edgewood IV appears to have weakened the standard to allow, if not to encourage, further weakening of the school finance system. On the other hand, it is clear that members of the court, as well as the public realize that, in the long term, the system cannot continue without sufficient funding and equality, and that goals of removing differences between minority and non-minority achievement, reducing dropout rates and increasing overall adequacy in the schools, are matters that must be addressed by the legislature in order to avoid further court involvement. (p. 350)

Today, school finance continues to be an elusive problem for Texas. Texas school districts have repeatedly sued the state over the past few decades, arguing the state has not provided enough money to ensure public school students receive an adequate education. In *Morath*, Justice Willett of the Texas Supreme Court ruled that the Texas school funding system is the following:

Undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements. Accordingly, we decline to usurp legislative authority by issuing reform diktats from on high, supplanting lawmakers' policy wisdom with our own. We hope lawmakers will seize this

urgent challenge and upend an ossified regime ill-suited for 21st century Texas.

(p. 99)

The state has endured decades of fruitless school finance litigation that have led to a system that the Texas Supreme Court called Byzantine, meaning convoluted and intricate. The system is complicated, incomprehensible, and disconnected from the fundamental imperatives that drive the quest for student achievement, teaching excellence, and the state's economic success. Because of the *Morath* opinion and the legislature's failure to make changes to the state's allocation formulas for providing money to public schools during the 2017 session, the Texas Commission on Public School Finance was established to develop and make recommendations for improvements to the current public school finance system or for new methods of financing public schools. On January 23, 2018, the Texas Commission on Public School Finance held its first meeting with a new attempt at fundamentally overhauling the school finance system and public education. In July of 2018, the commission presented its working white paper (Texas Commission on Public School Finance, 2018). On December 31, 2018, the commission delivered its report to the governor and the legislature with its recommendations for statutory changes that could improve the public school finance system of Texas. The commission's efforts resulted in House Bill 3 (HB 3), a sweeping and historic school finance bill that was passed by the 86th Texas Legislature in 2019 and signed by Gov. Greg Abbott. HB 3 is an overhaul of the current system and includes adjustments in funding that account for student demographics working toward educational excellence and equity in Texas.

Chapter Three: Methodology

This study was undertaken and designed to elicit and analyze superintendents' perceptions of factors, challenges, and experiences regarding how they navigate the Texas school finance system to achieve their school district goals and priorities while simultaneously being held accountable for student academic success serving diverse student populations. This chapter provides the details about how the study was conducted including the research design, participant selection, data sources, procedures for completing the study, researcher positionality, trustworthiness and credibility, and data analysis procedures.

Research Design

The researcher followed a qualitative, interpretivist design through analysis of semi-structured interview, and relevant artifact data regarding the superintendents' perspectives of their experiences with school finance in Texas (Roth & Mehta, 2002). Qualitative data allowed the researcher to provide a thick description of the phenomenon (Geertz, 1973). The benefit of using multiple case studies was the ability to document the superintendents' views and understanding based on their social context (Hays & Singh, 2012). The multiple case studies allowed the researcher to understand the urban school district superintendents' voices, and gain a deeper understanding of their experiences with the challenges related to school funding equity and adequacy. Three participants were selected using purposeful sampling among the population of superintendents of urban public school districts in Texas.

The following research questions guided the research design, and determined the methods in the study:

1. What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?
2. How do superintendents characterize challenges within the Texas school finance system?
3. How do superintendents use their experiences to address equity and adequacy within in the Texas school finance system?

Participant Selection

Three participants were selected using purposeful sampling among the population of superintendents of urban public school districts in Texas. There were three criteria for superintendent participation:

1. Public urban school district;
2. Located in the state of Texas;
3. A minimum of 3 years of experience as a district's superintendent.

The selected participants provided informed consent prior to participating in the interviews. The interviews were scheduled with each individual superintendent according to his or her convenience. Pseudonyms were used to represent the school districts and the superintendents.

Data Sources and Instrumentation

The main sources of data were superintendents who participated in semi-structured interviews, relevant artifacts that included TAPR documents, internal process

or management documents, the district improvement plan, district board policies and regulations related to school finance management or process, demographic information, and districts' goals and priorities. The participants could have chosen to provide documents that may have included district improvement plans, strategic initiatives, and budget reports or documents. Additional artifacts were retrieved from the TEA's TAPR system, and included districts' demographic and academic performance information.

To collect data from the participants, the researcher used a semi-structured interview guide. The guide is provided in Appendix A. The guide was used in interviews that lasted approximately 45 to 60 minutes. Each interview was recorded using an electronic recording device. The data sources for this study included interview transcripts, contact summary sheets, field notes, a reflection journal, in addition to artifacts that included the districts' visions, missions, and goals, district-specific TAPR reports, districts' websites, board policies related to specific budget processes, and documents.

Procedures

Once permission to conduct the study from the University of Texas Institutional Research Board was obtained, the researcher interviewed three superintendents, transcribed the recordings of the interviews, and obtained school districts' artifacts related to their visions, missions, goals, demographics, and budget processes. Individual consent was garnered from each participant to provide assurances from the interviews about masking the districts' and superintendents' names. The interview questions and specific superintendent answers were recorded electronically. The electronic responses

were transcribed. The interview responses and appropriate district documents were analyzed and coded. The study's procedures were affected by the researcher's position within the study, issues of trustworthiness and credibility, and those for performing the data analysis.

Researcher Positionality

The researcher held extensive experience in the field of education with over 30 years of direct service at all levels. The researcher held a B.S. in biology and an M.Ed. in educational leadership. The roles served in education included teacher, administrator, and central office personnel.

Numerous central office roles were held throughout the researcher's tenure in education and included director, executive director, assistant superintendent, deputy chief, and currently chief of schools. During these roles, the researcher served in urban school districts, and gained an in-depth understanding of the role and direct impact of the Texas school finance system on public educational institutions, which served as the basis for the researcher's qualifications in conducting research on the Texas school finance system. As a researcher of this topic with firsthand experiences with the Texas school finance system, the researcher was focused on performing as an observer with the positionality as a chief of schools who had professional financial responsibilities, and therefore, bracketed any feelings from the data to reduce personal bias (Hays & Singh, 2011). Bracketing is a method used in qualitative research to mitigate the potentially deleterious effects of any preconceptions that could taint the research process and the findings (Tufford & Newman, 2012).

Trustworthiness and Credibility

Validity in qualitative research ensures the accuracy of the data according to Creswell (2013). This research quality measure was used to maximize trustworthiness in this study. All interviews were recorded and transcribed. Participants in the study reviewed transcripts for accuracy through a member checking system to further establish trustworthiness (Guba & Lincoln, 1994). Member checks were utilized to ensure the accuracy of the coded data before beginning coding. The implementation of member checks is an additional form of validation so that participants can verify their transcribed responses to the questions posed in the research to ensure that their perspectives were accurately reflected.

Triangulation of the interview and document data was done by comparing information across each interview transcript and artifact. Detailed field notes were created to capture significant findings throughout the study. Finally, descriptive field notes were formed during the observation period involving the collection of data that illustrated the details of the setting observed (Hays & Singh, 2012). During this process, a reflexive journal was kept to ensure thoughts about codes and data were collected throughout the study.

Data Analysis Procedures

The approach taken in the study employed a qualitative, interpretivist design that was utilized for gathering of data for this study. According to Creswell (2013), the qualitative researcher begins by using assumptions to inform the research of problems that have meaning to individuals. This approach produced data to be analyzed. The data

collected through this study included interview transcripts, contact summary sheets for each participant, and field notes.

Data analysis led to finding emerging themes from the codes that formed patterns in the data (Patton, 2002). Corbin and Strauss (2008) noted that coding occurs in the three stages of open, axial, and selective coding. For this study, open coding was first utilized in a review of the transcripts. The researcher focused on key research questions and the participant responses to develop categories of information related to the specific research question. The researcher used open coding to develop initial categories of information that were inherent in the data (Patton, 2002). The categories were found in the data from the interview transcripts, summary sheets, and field notes.

Once the initial categories were developed, they were organized based on the research questions. The researcher used axial coding as a process of organizing categories into groups of categories to form emerging themes (Corbin & Strauss, 2008). Finally, the researcher used selective coding to establish a central category or theme that connected all of the subthemes that emerged from the coding process. Triangulation was constant throughout the analysis. The utilization of selective coding allowed the researcher to identify themes within the interview transcripts, contact summary sheets, and field notes that provided the findings for the research questions that guided this research study.

Summary

This chapter delineated the methodology utilized in the study as a qualitative, interpretivist design that provided the data from the perspective of an experienced, urban school district superintendent in the state of Texas. The detailed key research questions

and participant selection were identified, which included a focus on the Texas school finance system from an urban superintendent role. Specific data sources were identified and included interviews and transcriptions, field notes as well as contact summary sheets. In addition, the analysis procedures were defined and explained within the structure of the qualitative, interpretivist design. Researcher background was discussed to mitigate bias imbedded in the researcher's positionality. The study was conducted to further the knowledge base of the Texas school finance system and possibly lead to system improvements. The findings from the study appear in Chapter 4.

Chapter Four: Findings

The previous chapter outlined the methodology used in this study while this chapter presents the findings of the study with an analysis of the data collected from face-to-face interviews and district documents. The results involved assessing the superintendents' perceptions of their challenges and experiences with funding issues that affected equity and adequacy. This study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. Therefore, this chapter contains the superintendents' perceptions about public school funding as to what considerations contribute to equity and adequacy among urban school districts. Furthermore, using the qualitative data collection methods of face-to-face interviews and artifacts, the researcher focused on superintendents' perceptions about their experiences with the Texas school finance system in high-poverty, urban school districts. The following research questions guided the research process and determined the methods in the study:

1. What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?
2. How do superintendents characterize challenges within the Texas school finance system?
3. How do superintendents use their experiences to address equity and adequacy within in the Texas school finance system?

First, a brief synopsis of the case study superintendents' school districts is provided along with an introduction of each of the three superintendents who participated in the study in this chapter. Second, the findings related to each of the three research questions are presented in this chapter.

Study Context and Cases' District Profiles

The current study was completed in school districts located in the state of Texas, and three superintendents participated in interviews for the case studies. For the purposes of confidentiality, the independent school districts were masked as Alpha, Beta, and Delta ISDs. The superintendents' identities were masked in parallel fashion as Superintendent Alpha, Beta, and Delta. This section provides a profile of each district. An examination of the school districts' documents provided information with respect to the vision, mission, goals and priorities, as well as the demographics and budget management or process of each district.

Alpha ISD Profile

Alpha ISD is located in the heart of a large, diverse metropolitan area region with a metropolitan population of 6.5-million people encompassing 12 counties. The region's population is 15% African American, 28% Hispanic, 48% White, and 8% Other. The specific city that the district resides in has a population of 1,281,031 people. The demographic breakdown of the city is 24% African American, 41% Hispanic, 39% White, and 5% Other. The reported homeownership rate is approximately 54%. A reported 39% of the population speak Spanish as their primary language. Alpha ISD includes 384 square miles and serves more than 15 municipalities. The district is among

the top five largest public school districts in the state and the top 40 largest school districts in the nation, based on Alpha ISD artifacts.

The vision, mission, and goals of Alpha ISD suggest that dedication runs strong within the more than 19,000 employees working toward realizing its vision of becoming the best urban district in the United States. Superintendent Alpha said:

To truly impact the lives of students and govern our day-to-day actions, the [district's] board of trustees adopted its core beliefs and principles of public service for the district to follow. These principles and beliefs serve as a guidepost to everything we do.

The vision of Alpha ISD was quoted from artifacts as follows:

Be a premier urban school district. To achieve its vision, the district has aligned its mission and goals to its two-billion-dollar annual budget to ensure that what matters most is funded first.

The mission referred to, “educating all students for success.” The goals were stated in Alpha district artifacts as follows:

Goal 1: Student achievement on state assessments in all subjects at “Approaches or above” will increase from 66 percent to 75 percent by 2022.

Goal 2: Student achievement on the third-grade state assessment in reading at “Approaches or above” will increase from 62 percent to 75 percent by 2022.

Goal 3: Student achievement on state assessments in two or more subjects at “Meets or above” will increase from 34 percent to 40 percent by 2022.

Goal 4: Student participation in extracurricular or co-curricular activities will increase from 59 percent to 65 percent by 2022.

Alpha ISD worked to achieve its four student outcome goals through the alignment of four key priorities illustrated in Table 1.

Table 1

Student Outcome Goals and Priorities for Alpha ISD

Outcome	Goal	Priority
1	Student achievement percentages on state assessments in all subjects achieve approaches or above will increase from 66% to 75% by 2022.	Strategic Compensation
2	Student achievement percentages on the 3rd grade state assessment in reading achieve approaches or above will increase from 62% to 75% by 2022.	Early Learning
3	Student achievement percentages on state assessments in two or more subjects achieve status of meets or above will increase from 34% to 40% by 2022.	Early College High Schools
4	Student participation in extracurricular or co-curricular activities will increase from 59% to 65% by 2022.	Public School Choice

Finally, the December 2018 TAPR showed the 156,726 students served by Alpha ISD included students represented as 22.5% African American, 69.6% Hispanic, 5.4% White, and 2.5% Other. In addition, 86.7% of the students were economically disadvantaged, and 44.2% of the students were English learners. The 2018 TAPR showed Alpha ISD's teacher ethnicity was 34.9% African American, 29.8% Hispanic, 29.5% White, and 5.8% Other. Alpha ISD's 2018 accountability rating was a grade of B.

Beta ISD Profile

Beta ISD serves the center of a large city with a population of 985,504 people, and a population growth of approximately 3% annually. The region's population was

approximately 40% White, 5% African American, 35% Hispanic, 8% Asian, and 2% Other, according to artifacts. Additionally, 24% of the population reported that Spanish was their primary language.

While the city encompasses 326 square miles, Beta ISD serves 172 of the miles and a total of five counties, representing 54.1% of the urban region. The rate of home ownership within Beta ISD is 45.1%. The district is among the top five largest public school districts in the state and the top 40 largest school districts in the nation, according to Beta ISD artifacts.

The vision of Beta ISD involved purporting to, “reinvent the urban school experience.” The mission stated that Beta ISD existed to, “ensure that all Texas children have access to a quality education that enables them to achieve their potential, and fully participate now and in the future in the social, economic and education opportunities of our state and nation.” Beta ISD artifacts include the district’s website. In Beta ISD’s artifacts, the following three broad goals were presented as based on specific growth progress measures (GPM) for each goal:

Goal 1: Increase student achievement through a strong literacy foundation for all.

GPM 1.1: The percentage of PK students who meet kindergarten readiness, as measured by the Texas Kindergarten Entry Assessment (TX-KEA) when they are in kindergarten, will increase from 73% to 90% by SY 21/22.

GPM 1.2: The percentage of African American students in grades 1 & 2 who are reading on or above grade level, as measured by Istation’s

indicators of Progress (ISIP) end-of-year assessment, will increase from 54% to 63% by SY 21/22.

GPM 1.3: The percentage of Hispanic students in grades 1 & 2 who are reading on or above grade level, as measured by Istation's Indicators of Progress (ISIP) end-of-year assessment, will increase from 63% to 70% by SY 21/22.

GPM 1.4: The percentage of economically disadvantaged students in grades 1 & 2 who are reading on or above grade level as measured by Istation's indicator of Progress (ISIP) end-of-year assessment will increase from 59% to 67% by SY 21/22.

GPM 1.5: The percentage of 3rd graders achieving the, "Meets Grade Level" (postsecondary readiness) standard on the STAAR reading assessment, will increase from 59% to 59% by SY 21/22.

GPM 1.6: The percentage of students meeting their individualized dyslexia/reading progress measures, as defined by their intervention plans, will increase from X to Y by SY 21/22.

Goal 2: Ensure personal development and critical thinking skills through excellence in learning experiences.

GPM 2.1: The percentage of students in grades 5 & 8 who demonstrate proficiency on a problem-based learning activity will be greater than or equal to 90%.

GPM 2.2: The percentage of students in grades 6 & 7 who achieve the, “Meets Grade Level” (postsecondary readiness) standard as measured by the STAAR math assessment, will increase from 36% to 48% by SY 21/22.

GPM 2.3: The percentage of students in grades 6 thru 8 who successfully complete a district-created BLEND mathematics module will increase from X to Y by SY 21/22.

GPM 2.4: The percentage of students completing Algebra I before entering high school will be greater than or equal to 35%.

GPM 2.5: The percentage of schools meeting or maintaining their baseline school level (ES, MS or HS) average SEL implementation score, as measured by the SEL implementation rubric, will increase from 60% to 81% by SY 21/22.

Goal 3: All students will graduate college, career, and life-ready.

GPM 3.1: The percentage of students who graduate college, career and life-ready, as measured by military enlistment, enrollment in a postsecondary institution or completion on an industry certification or license, will increase from 76% to 81% by SY 21/22.

GPM 3.2 The percentage of annual graduates meeting the Texas Success Initiative criteria in both ELA and math on the SAT, ACT or TSA assessments will increase from 58% to 66% by SY 21/22.

GPM 3.3: The percentage of 12th grade students demonstrating proficiency on a capstone project will be greater than or equal to 90%.

GPM 3.4: The percentage of Distinguished Level graduates will increase from 92% to 95% by SY 21/22.

GPM 3.5: The percentage of campus staff who feel students at their school follow rules of conduct will increase from 77% to 82% by SY 21/22.

According to the December 2018 TAPR, Beta ISD's 81,346 students were 7.3% African American, 56.7% Hispanic, 28.5% White, and 7.5% Other. In addition, 53.4% of the students were economically disadvantaged, and 27.5% of the students were English learners. The 2018 TAPR showed Beta ISD's teacher ethnicities as 5.7% African American, 32% Hispanic, 58% White, and 4.3% Other. The 2018 accountability rating for the District was a grade of B.

Delta ISD Profile

Delta ISD was situated in a city where the population was 2,325,502 as reported by the U.S. Census Bureau as of July 1, 2018. The city experienced an 8% increase in their population between 2010 and 2017. The city area contains a total 671 square miles. The region's population was approximately 25% White, 22% African American, 45% Hispanic, 8% Asian, and 1% Other, as reported by artifacts. Interestingly, 37% of the city's population identified Spanish as their primary language. The homeownership rate among the Delta school district residents was reported as 42.8%. The district was among the top five largest public school districts in the state and the top 40 largest school

districts in the nation according to Delta school district artifacts. The Delta ISD vision was listed in the district's artifacts as the following:

Every child shall have equitable opportunities and equal access to an effective and personalized education in a nurturing and safe environment. Our students will graduate as critical thinkers and problems solvers; they will know and understand how to be successful in a global society.

Delta district's vision was promoted in artifacts as "to equitably educate the whole child so that every student graduates with the tools to reach their full potential." Finally, Delta ISD's artifacts, including the district's website, listed the following goals:

Goal 1: The percentage of students reading and writing at or above grade level, as measured by the percent of students at the "Meets Grade Level" standard on STAAR for grade 3 through English II shall increase by three percentage points annually, from 37% to 46% between spring 2017 and spring 2020.

Goal 2: The percentage of graduates meeting the Global Graduate standards, as measured by the College, and Career Readiness component of the Texas accountability system shall increase three percentage points annually per year from the 2017 graduates baseline of 52 percent up to 67 percent by 2022.

Goal 3: Among students who exhibit below satisfactory performance on state assessments, the percentage who demonstrate at least one year of academic growth, as measured by the STAAR Progress Measure, shall increase three percentage points annually in reading and in math from 57 percent in spring 2017 to 66 percent in spring 2020.

Goal 4: The reading and math performance gap between historically underserved and non-historically underserved student groups, as measured by the average of the percentage-point gaps between economically and non-economically disadvantaged student groups at the “Meets Grade Level” standard on STAAR for economically and non-economically disadvantaged student groups, African-American and White student groups, Hispanic and White student groups, English learners and non-English Learners, and students receiving special education services and students not receiving special education services, shall annually show a one-percentage point decrease from an average of 30.3 percentage points in spring 2018 to an average of 27.3 percentage points in spring 2021.

Monitoring of student performance for all groups listed above along with the specified gaps will be provided to the board. All student groups should make progress; therefore, if this average gap decreases but the percentage of students at the “Meets Grade Level” standard on STAAR for any of the student groups listed in this goal declines, then this goal shall be considered not met.

According to Delta ISD’s 2018 TAPR, the 213,528 students served by Delta ISD included 24% African American, 61.7% Hispanic, 8.8% White, and 5.4% Other. In addition, 75% of the students are economically disadvantaged, and 31.5% of the students were English learners. The 2018 TAPR showed the teacher ethnicity as 36% African American, 28.8% Hispanic, 27.9% White, and 7.2% Other. Delta ISD did not receive an accountability rating for the 2018 school year. Table 2 represents a demographic summary of all three superintendents’ districts as reported on the 2018 TAPR.

Table 2

Alpha, Beta, and Delta School Districts' Demographics

Student Enrollment	Alpha District	Beta District	Delta District
Total <i>N</i>	156,726	81,346	213,528
% African American	22.5	7.3	24.0
% Hispanic	69.6	56.7	61.7
% White	5.4	28.5	8.8
% Other (including Asian)	2.5	7.5	5.4
% Economically Disadvantaged	86.7	53.4	75.0
% English Learner	44.2	27.5	31.5

Note. Data retrieved from TAPR system.

Participant Profiles

This study was conducted with a total of three independent district superintendents. The study participants were currently in the role of superintendent in the selected district and had served in that role for at least one year. Each of the superintendents were serving in the state of Texas in a public urban school district. At the time of the study, the selected superintendents had experience with the Texas school finance system by virtue of serving in the capacity as the district superintendent in the state. All three superintendents hold doctoral degrees and two of the three superintendents are male. The span of total years of serving as superintendent range from 6 years to 25 years. One superintendent is serving in the capacity as an interim

superintendent. This study refers to the superintendents who participated as Superintendent Alpha, Superintendent Beta, and Superintendent Delta. The profile of the participants is noted and represented in Table 3.

Table 3

Profiles of Superintendents from Alpha, Beta, and Delta School Districts

District	Tenure as District's Superintendent	Total Years as Superintendent	Gender	Highest Degree	Superintendent Certification	Other Positions Held
Alpha	11	24	Male	Ph.D. in Educational Leadership	Yes	Teacher Coach Asst. Principal Central Office Administrator
Beta	6	10	Male	Ph.D. in Educational Leadership	Yes	Teacher Asst. Principal Principal Central Office Administrator
Delta	1	6	Female	PhD. in Workforce Education and Development	Yes	Teacher Asst. Principal Principal Central Office Administrator

Note. Sources of data included districts' artifacts and interviews.

Findings for the Research Questions

This section presents the findings in the research based on the three research questions guiding this study. The findings for each question are described below and include excerpts from each interview.

Research Question 1: What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?

In response to this question, participants all directly gave specific examples of factors that they believed affected the state school finance system, with the common factors being the local property tax system, weighted average daily attendance, and Chapter 41 recapture funds.

Local property tax system. The primary source of educational funding in the state of Texas is the assessment of property taxes by the local school districts. There is a state-funded program that establishes a minimum educational allotment, then the system relies on the local property tax system for additional revenue. The methodology of the finance system with the reliance on the local property tax, and constituents understanding the school funding system were factors that affected how adequately and equitably the superintendents could address the budgeting needs within their districts. Superintendent Alpha stated:

It's much easier to pass a tax ratification in certain communities than it is in others. Therefore, that created a dichotomous system and there was no equity. Therefore, if you had parents of agency who supported public school, they will tax themselves more to have more resources than other district who may not be able to pass a tax ratification. You may even have parents who are not actually even eligible to vote because they were undocumented. This system created a lot of inequities and was really unfair to a lot of communities.

This statement underscores how the factor of the local property tax system can lead to districts having various amounts of money, directly related to the community the district serves.

However, even with the ability of a school community to increase their local property tax, Superintendent Beta noted that his specific district's additional monies were not necessarily captured for use within the district:

When additional revenue is generated through the rise in property taxes or through a tax ratification election, we are in a situation where those dollars are then being sent back to the state due to equalization or recapture. Those funds go into the state general fund. So, even when additional dollars are generated locally, they are not benefitting our district or our students, even if there is a proven need.

The state law of Texas provides a set allotment, and allows for local school districts to increase local property taxes. Other laws came into the equation regarding the extra dollars generated and the limit of monies that could be used by a school district and where the additional monies could be allocated. There was the comprehension or lack thereof of this system by the local taxpayers' ability to understand the funding of their local schools and their daily understanding of students' needs. The idea of providing equity within an urban school district with local property taxes was summarized by the superintendent of Delta school district with the following his/her characterization of being a wealthy poverty district but with a high level of student needs due to having a high percentage of economically disadvantaged students:

While we have a more property wealthy district, with the additional laws, our schools and students do not have the benefit of the additional dollars. I do not believe the intent was to take monies away from students who are low income or coming from low income families. There is really a conundrum between whether the school district that resides in a property wealthy district and yet serving such a large percentage of students who come from low wealth who are paying a substantial amount of property taxes or are residing in housing that is paying high property taxes should not receive the services those funds would provide to assist with their educational needs as their needs are great.

The system of local property taxes, with the limits and additional laws currently in place to fund the educational needs of the students, has been identified as a factor that limits a superintendents' ability to provide an equitable or adequate educational experience, specifically in an urban public school system as described by the three superintendents. During the interviews, the local property tax funding was identified as a factor, but in each case the superintendents did describe their efforts to address student needs and recognizing these needs as a clear priority within their allocated budgets to the best of their abilities.

WADA. Another factor identified as a factor within the Texas school finance system is commonly referred to as the WADA. The weighted average daily attendance is an adjustment in the average daily attendance calculation to allow for the differences in the cost of educating some identified student groups. Weighted programs include bilingual, gifted and talented, compensatory education, vocational programs, and special

education. Students served in these programs are calculated with a weight, and the districts receive additional funding for the additional costs associated with these programs. The three superintendents all referenced the current weighted average daily attendance portion of the formula as a factor in their ability to facilitate and manage an equitable and adequate budget to meet student needs. The acknowledgement of the weighted system as an assistance, but also a critical limitation is identified eloquently by Superintendent Alpha as follows:

The state has recognized that some students are harder to educate. That's why you have weights in your formulas. You have weights for students that are English learners, students with disabilities, talented and gifted students and students in career tech programs. Those weights recognize that there's a difference in students. Within the distribution model then becomes dependent upon the property wealth of the district....Even certain districts sometimes they get the money on a weighted way and they distribute it equally to all the students, which is not equity. In other words, the schools that have the biggest challenges just depend on the Title I federal funds to make up the equity when individual school districts could then disperse the money based upon need. That doesn't always happen. Sometimes they are forced into it because most of our money is in people and if you have a lot of special education students or bilingual students then you have to pay those teachers more. There's a form of equity, but it's not equal. So there's a lot of dissonance both on the revenue and the expenditure side.

While there is some acknowledgment of the various costs associated with specific programs and student needs, Superintendent Beta explained,

While the weighted ADA system does provide more funding for students with higher needs, I don't think it is thoroughly understood. Some student populations need more assistance or different assistance than what the weighted system allows. An example of this is that there should be differentiated weighting as the needs of the students varies, what grade level they enter school in is different, like a kindergartener who is learning English and continuing their education in Spanish is very different from a high schooler who speaks Arabic who just entered high school and has to earn a high school diploma on an English only test. That's a whole different type of resource and so I think those funding strings or weights should be weighted differently....I think the weighted system is a factor when that system needs more enhancement and flexibilities to meet the student needs.

The weighted system was designed as an allotment aspect above the basic Tier I FSP allotment that allowed for acknowledgment of student needs within the Texas finance system. It is assumed that students serviced by the identified programs, such as special education, bilingual, etc., require specialized services that increase the cost of their education above the regular Tier I basic allotment amount. As Superintendent Delta described the weighted average daily attendance factor:

Based on the number of students that have a second language, come to us as second language students and so we are receiving a higher weight. However, the weights have not increased in terms of the rising costs of the actual program and

teacher costs, so it is a factor in trying to serve students with specific needs. In addition, there are some student needs that are not identified by a weight, such as students who are in foster care and students who face other challenges, so when looking at weights for funding we have to do more and serve more, that the weighted funding provides for.

All superintendents interviewed focused on the needs of the students that they served within their district, and identified that the weighted average daily attendance factor played a role in their ability to provide an equitable and adequate education to all students, while also acknowledging that the weights applied to specifically identified programs and not all students who have high needs fall into a specific program. In addition, it was noted that the costs associated with programs in terms of materials, training and personnel have risen faster than the ability of the weighted formula to address all student needs.

Recapture. In 1993, Senate Bill 7 (SB7), the equalization/recapture formulas were introduced in the state of Texas. The tenet behind SB7 was that wealthier districts would provide portions of their property tax revenue to less property wealth districts. In other words, recapturing funds from high revenue districts and providing them to low revenue districts as an avenue to equalize funding across school districts. Each of the three superintendents interviewed identified the recapture funds as a major factor when trying to provide an equitable and adequate education to the students they served in their districts.

The idea of having a high property wealth district is identified as a district that has in excess of \$305,000 per weighted student. The basic inception of the recapture dollars and the actuality of how it is a factor in the Texas finance system were described by Superintendent Alpha with the following statement:

After we exceed this threshold [and] once you clear that threshold, we are not entitled to keep that money. Therefore, it has to be recaptured and redistributed. That was the way that recapture was supposed to work in its inception. The theory is that when you hit that cap, you should have enough revenue in comparison to your other school districts to be able to provide the services with equal diffusion as in the Texas constitution to provide high quality services to your students.

Two of the three superintendents interviewed had dealt with recapture funds for many years and the recapture funds have played a factor in how they are able to manage the Texas finance system. The position of the law meant that once a district achieved a set amount of revenue per student, with weighted formulas applied, then the district should be able to provide enough services and resources to the students served. The superintendents' descriptions of the recapture factor in a public, urban school district allows for a realistic depiction of how this formula functions actually affects the budgeting system in a district. Superintendent Beta described Beta district's specific situation as needing to:

Spend in our complete operating budget the same amount as we send back in recapture funds. We are currently in a \$65-million budget deficit but giving back

\$670 million to the state in recapture funds. How can recapture be applied to a district or community that is considered higher wealth, but still have students in poverty? We have many schools currently serving 90 plus percent poverty, with 23,000 students who speak a language other than English and that are all on different levels. At any given time, we have 1,800 students that are homeless, but are sending funds back to the state.

The majority of the school district budget was allocated for personnel. The effect of recapture funds in Delta school district were described by the Superintendent as a factor with the local budget and local needs:

Trying to develop a budget, we had to do a lot of cutting and eliminating of positions over the past several years because our recapture payment went as high as \$272 million. It is very hard to develop budgets that will actually meet the needs of all the students that you serve. It's affected us because we have had to reduce our personnel, that is personnel from our campuses, but also central office. People think that a lot of central offices are top heavy, but when you are a district under recapture, you are eliminating across the board. Our departments like finance, payroll, human resources have all been reduced and when you think about recruiting outstanding teacher and principals, you need a viable human resources department. The same is true for processing payroll and other finance operations. At the school level, a lot of those positions were eliminated around fine arts since we were concentrating on the core content areas. Schools are forced to decide which positions had the most value as a result of being a

recapture district. When you're cutting over two hundred million dollars annually out of your budget, it's people because people make up at least 80% of your budget.

Each of the districts identified recapture within Chapter 41 of the Texas Education Code as a factor in providing an equitable and adequate education to the students in their districts. Each of the superintendents interviewed understood the theory behind the equalization/recapture portion of Senate Bill 7, but did identify it as a factor when the district resided in a high wealth district, but served a high percentage of economically disadvantaged student population.

In summary, all three superintendents have extensive experience in dealing with school district budgets and specifically the state of Texas finance system. Within their work with district budgets, they each identified three factors that affected equity and adequacy to students they serve. The factors are directly tied to various portions of the Texas finance laws for education that have been added to or modified over time to include the local property tax revenue, weighted average daily attendance and their experience with equalization or recapture funds.

Research Question 2: How do superintendents characterize challenges within the Texas school finance system?

The analysis of the data indicated that superintendents characterize the challenges with the Texas school finance system in multiple ways. While some characterizations identified in the data analysis were specific to a minority of the superintendents, others

were identified by all three superintendents. The challenges characterized by all three superintendents could be identified as antiquated, misaligned, and convoluted.

Antiquated. The current Texas school finance system can trace its beginnings back to the mid-19th century. Over time, the original finance system has been modified and changed due to the litigation and legislative action. Each of the superintendents identified parts of the funding system as antiquated or not keeping current with the challenges school district face. Superintendent Beta characterized the challenges in the following explanatory statement:

Even if there has been some adjustments in the funding mechanisms over time, the changes in demographics and things like gentrification have not been accounted for quickly enough for the changes to the funding significant enough to handle our needs. I don't think that our finance system accounts for any type of changes and differences, we just keep making minor adjustments to try to accommodate on some issues, not even addressing all of the issues.

This characterization describes what the other superintendents referred to in terms of being antiquated and not addressing current issues as explained by Superintendent Delta who said:

With the established funding formulas, that have been around for a long time, it does not account for our actual student population that is comprised of mainly high economically-disadvantaged students within the formulas, and for an urban school system that is a critical student population that needs addressing.

Litigation has been the main tool utilized by school districts to force changes in the Texas finance system for education, due to the characterization that it does not allow school districts to meet the needs of their student populations. Superintendent Alpha summed up the basic characterization of the challenges as follows:

And the reason it started this way was before they had these lawsuits when Edgewood filed a lawsuit against the state of Texas, the kids in Edgewood can only generate so much money per student....There's been five lawsuits and even this last Supreme Court said it's barely legal because it's not a statewide property tax. It's byzantine and the legislature needs to fix it. The courts are not going to fix it. So that's kind of where we are now.

The characterization of the current Texas finance system as antiquated reflects the day-to-day reality of the actual implementation of the finance system as described by superintendents that diligently work to keep up with current trends, issues and challenges they face in their school districts.

Misaligned. The characterization of the current finance system being antiquated directly correlates with the depiction that the finance system is also misaligned. Each of the superintendents gave specific in-depth examples of the misalignment of the finance system with their struggles in terms of developing, maintaining and implementing budgets. Superintendent Beta focused the misalignment with the implementation of their early college high school:

Higher measures or changes in what we measure versus what we typically used under the accountability system or school improvement has changed and there has

not been a unit of resource for the higher measure. You still have to maintain the infrastructure and then add on top and there is a cost to that. The traditional understanding that a high school student earning a high school diploma has changed to the expectation that students are also earning college credit. But as a district, we have to pay for that, it is not free. It's a huge benefit, especially in urbans with a high poverty rate for a student to earn 60 college hours....But the resources aren't there to provide it, so that puts strains on other parts of the organization like early literacy or elementary schools, but to meet current accountability factors we adjust our budgets.

The misalignment between the state accountability system and the finance system was also described with a different scenario by Superintendent Delta. The description provided by Superintendent Delta focused on the increase in the students identified as English learners in high school. Superintendent Delta acknowledged the following:

Once again, it is a financing system issue not aligned to our reality. I toured the school today where we support a high school, it's a different kind of alternative school, mainly our second language learners and also gainfully employed students. This school really needs a teacher assistant in every classroom, as these students are preparing to also earn a high school diploma. But when you have to eliminate \$200 million out of your budget, once again, you're eliminating people and potential resources that a campus might need, we're not even able to close the gap at this school with personnel who can help the students with earning this

achievement, so the funding system does not align to our needs based on our student demographics.

The characterization of the state funding system misalignment with student academic achievement was best summed up by Superintendent Alpha during the interview with the following explanation:

I think what they (legislature) should do is help districts and help students achieve. That is easier said than done. You have to figure out leverage points of what things might be able to move the needle academically. You need to study best practice, move down the right path with funding that supports it, and monitor progress as these are long term strategies...Providing local districts and communities maximum flexibility would help with aligning resources with achievement.

Convolutd. The two key characterizations described thus far are very inter-related, antiquated and misalignment. The third characterization is most likely a result of both the antiquation of the current funding system, as well as the misalignment to the state and federal school accountability systems as well as to the community needs. The Texas school finance system is very complex within its design and adjustments over time and as Superintendent Alpha explained, “There has to be some complexity, some necessary complexity in anything to be fair.” The superintendent further explained how complex the finance system functions:

The problem has always been if you have winners and losers, the losers are going to make so much noise that the winners never receive the winnings. So therefore,

the state has always convoluted the finance formulas by adding special provisions for districts that had high needs or certain problems or they held them harmless. If the formula was going to make them look bad or make them lose money, they would put in a hold harmless clause. So, a whole lot of hold harmless provisions that were supposed to be temporary, but a very few of those hold harmless provisions went away and in the end you end up with a very convoluted hard to explain, hard to understand school finance system.

The superintendent referred to his/her experience and depth of study of the state financing system having helped with understanding the complexity and convolutedness of the finance system. According to Superintendent Beta:

There's so much complexity and the system has so many variables that we work multiple plans to try to determine what to expect and what the implications are. Then you have to make sense of the finance system and try to explain it to others, when in reality it is massive in all the factors. The explanation in laymen terms is very hard, especially when you are under recapture and giving back monies, when the community knows there are needs that are not being met, like the new security, early college high schools, early literacy and other priorities. To explain how the system works requires a depth of understanding on multiple levels and even after the explanation, most persons don't understand how it functions or why they aren't getting the resources.

The complexity and convoluted finance system makes it hard to understand, but even harder to explain to community members and constituents that are not well versed in

school finance as outlined in the interviews with the superintendents. Of equal importance though, is the understanding of Superintendent Delta in that the complexity increases due to the unknown:

So, we have the school finance system, then a major reform is legislatively passed and everyone scrambles to understand the implications. At the same time, you are trying to develop a budget not fully knowing what to expect. I have been in situations where once legislative changes are made, there is an amount of time that the implications of those changes have to be figured out, which has led to a delay in state funds, in the meantime, we are approving a budget and implementing a budget based on an unknown quantity. Then, you don't know if the finance reforms are even sustainable. This lends a whole new perspective on the convolutedness to the state finance system, so you may only be able to use the money for a few years, like two, then you quit receiving the funds. It is a difficult system to understand and extrapolate meaning for others from in terms of establishing realistic expectations with educational dollars.

In summary, all three superintendents characterized the Texas school finance system with three key terms. Antiquated was referenced by all when using terms such as, an old system, old system modified, adjustments and modifications made throughout the years, with references to the misalignment of funding with accountability and priorities. The misalignment characterized by the superintendents has led to districts having to make decisions regarding programs and personnel to align resources and funds to student achievement and student-centered district goals in alignment with current expectations.

The third characterization was that the finance system was convoluted. The complexity and convolutedness of the system directly relates to the ability of all persons being able to understand and explain the system. The current system makes it difficult to explain to communities with all of the adjustments over time to include specific funding features described by the superintendents such as, “hold harmless, weighted funding and recapture”, which are just a few terms utilized.

Research Question 3: How do superintendents use their experiences to address equity and adequacy within in the Texas school finance system?

The superintendents interviewed have a cumulative total of 40 years of experience in the role of superintendent in the field of education. During this time, the experiences have been varied to include high wealth districts, high poverty districts, in state, out of state, large, urban and smaller suburban. Throughout their years as superintendent, they have accumulated knowledge and expertise of what is required in the superintendent role in relation to the finance system. Their experiences have assisted them in addressing equity and adequacy in the Texas school finance system by focusing on creating a focus on the budgetary process, addressing needs, and equity.

Creating a focus on the budgetary process. Interestingly, the views on the budgetary process were different among the three superintendents interviewed. The differences on this focus could possibly be attributed to their years of experience, but also their willingness to take risks or to undertake a different approach to the budget process. A unique approach to the budgetary process was undertaken by Superintendent Alpha who explained thusly:

I have learned as a superintendent what questions to ask and how to develop certain processes and these were two different but related functions. Budgets are obviously dependent on school finance because you have to estimate the amount of revenue you're going to receive then how you're going to expend it. When I came back to the city, I had an epiphany that for us to have some success we have to fund our strategic initiatives first. I'd never really done that before. I think that has really kind of helped us because I had the fiscal know how. You have to know what it's going to cost to approach a budget process in this manner. A lot of superintendents don't know what the costs are or what an initiative will actually cost them. We have the fiscal knowledge that for every child at least \$5 of new money is what I had to come up with. We had fiscal knowledge of costs associated with choice schools, collegiate academics for two years to launch them to scale.

Then, of course, strategic compensation, which is both paying the best teachers more, but also the ACE program that means accelerating campus excellence where you pay your best teachers to go to your hardest to staff schools. All of those were strategic decisions that we made and funded first. Then if we had any money left, we could cover everything else. Therefore, in our district a lot of people didn't get a raise for three years because there was no money left. The revenue was static or declining. We had to cut our way to fund those initiatives. That's probably something that I learned by intuition over time that I probably wouldn't have done without my prior experiences. We approached our

budget process differently. This process led to a lot of personnel to be involved in the process and put it together in a manner that could then be rolled out to the community. We involved cabinet members, department employees, and then laid out all the pieces to the board of trustees and in many community meetings. This specific approach was directly attributed to the vast array of experiences this specific superintendent had collected over time and was willing to take a risk with how to develop their budget. The other superintendents took a more conservative approach with their actual focus on the budget process.

Superintendent Beta reinforced the idea that the budget process was a pretty stable process within his/her experience by stating:

I don't know that the process has changed much other than looking at needs. We as an executive team get the information from our Chief Financial Officer and then make the determinations of what to present to the Board of Trustees for approval. But then having much more need that we have resources for doesn't help. We have to maintain the infrastructure and then we add on top, there is a startup cost to anything new and sometimes we can afford it and sometimes we go find funders. Then there is a personnel side that the whole process centers around. I would like to hire people, but we also have personnel costs for current employees. We are also a district that pays social security, so that is an automatic cost. Then if we want to pay any compensation for our higher needs campuses, it is slight, then they don't get the supports and resources, so I don't know if the higher compensation just makes it all more costly.

The budgetary process within the district focused on the infrastructure, to include personnel and then moved on to then identify what could be funded within the allotted budget. That is very similar to the approach taken by Superintendent Delta as well as he/she described the budgetary process in terms of starting with the emphasis on its personnel:

Eighty percent or more of our budget is personnel, so we look at our surrounding districts, like suburban to see what compensation we need to address and if we can within our budget. This affects our district greatly, as we have had times that we have had to announce layoffs and we start losing staff. While you're trying to get the budget developed, we worry about people leaving to other districts. So, we generally will work as a group with the budget office who presents our previous budget and the next year budget and we see what we can do within our constraints. We have a two year prediction that helps, but the second year of the biennium is always the unknown, you don't know what's going to change and trying to predict what we can do with compensation is the great unknown in our process to develop the budget, but it is also a critical feature of our budget process.

In all three districts there was a budget process guided by the superintendent with the level of involvement of other personnel or community as the difference in terms of the actual process utilized within the districts. The variations on the process dealt with a focus on the process based on their experiences developed over the years and the depth of knowledge and risk taking a superintendent was willing to embark upon within the

budgeting process. Their experiences and focus on the budgetary process were also dependent upon the actual financial situation at the time within their district and/or state and what was being required in terms of the district budget.

Addressing needs. Another area of focus for the superintendents dealt with the needs of the district, which played a part in the budget process function as well. In the districts interviewed, the differences in respect to the identified need varied from the superintendent perspective, which also then has impact on the budget process. When focusing on the district needs, in each case, each superintendent did identify needs that may not have been met with the depth of breadth of the need, based on allocated resources. As to the untraditional approach in the budget process described by Superintendent Alpha regarding the process, Superintendent Alpha reported that the approach was based on an identified need as follows:

I think in our district we've figured out how to prioritize. We fund our biggest need. Since the legislature had failed to act for several sessions we went to the voters and the voters supported us, only because we didn't have any other choice. We had to do a non-traditional approach to budgeting where we funded the things that were most important to us first. Luckily those things worked and because they worked the community supported us with more resources. Our greatest needs were identified collectively by my cabinet and were choice schools, collegiate academics, early learning, and strategic compensation. If these hadn't worked, we would have been in the same situation as other larger urban districts right now. Not only with performance, but governance and resources. Because

we took a risk and it worked, in spite of the legislature we have been able to have some success. It only took a desperate board and a veteran superintendent with a senior team that was able to take some risk to make this work for us. This is like a one off, not a systemic approach to solving these problems in the state. We've been very fortunate, but it is not a formula that's easy to replicate anywhere in the state of Texas. We are very much an outlier.

In this specific description, the needs of the district were prioritized first and drove the budget from that perspective. Whereas the Superintendent of Delta district approached the budget through different experiences and the focus of need was stated as follows:

The challenges, regardless of the size of the school district, when you have financial challenges, it is very hard to develop budgets that will actually meet the needs of all the children that you serve. We have personnel and the compensation associated with our personnel, then we look at items such as upgraded security measures, we just could not afford within our budget. Now, all of our schools, have the security system where you can buzz people in, but we wanted a system installed to stop people when they entered the building and we just couldn't afford that need. The way I define needs may be different, so like, we look at giving, providing resources based on the need of the campus and based on the needs of the children we serve. So not everyone will get the same thing. We try to provide what is needed and that will vary from campus to campus with over 270 campuses. Now there are some basic things we do, like curriculum, but then we

start looking at interventions, enrichment and support and determine what we can afford and for which campuses.

In this specific case, they focus on the needs, but within their large, urban school system they looked at needs on a campus by campus basis, not providing the same service and support to all campuses and the affordability given the budgetary parameters, which is similar to the focus on needs within Beta district as described by Superintendent Beta, who discussed:

So, identify those needs, but even some of those basic needs are still needs they are not just hopes or wishes. It used to be that teachers lived in the neighborhoods where they taught, but that's not the case anymore, more and more are having to move out of the city because they can't afford to live here, therefore, they are not as connected to our communities. That's also even happening with our principals. Then when you look at classified staff, custodians, and bus drivers, the cost of living to live here is around \$78,000 a year. Those aren't the salaries we are paying. So, in terms of our budget we have to look at what needs are in our personnel and our CEI (cost of education index) in the formula is way behind. Then as a district we pay social security and that is not accounted for anywhere, but has to come out of our budget, but we can't change it. So my experience with school finance and budget development in terms of anything else makes it difficult to be able to afford other needs we have identified. The average age of our facilities is 47 with our oldest being 132 years old, they were built for the needs at the time, like getting air into and out of the building, not air conditioning

and long open spaces, so our buildings don't account for all the security needs we have and last year we invested 1.7 million dollars more into security efforts, but we still don't have resources to cover all the security needs, There's so much more complexity to it and we really don't have the resources, we have some work plans we want to do. So, we address what needs we can with the resources we have.

Through the collective experience of the interviewed superintendents, there was a reliance on their experience to focus on the student needs within their districts. Focusing on the student needs allowed the superintendents to guide their budget process and decision making, which led to a strong consensus among the superintendents with a focus on the impact of addressing student needs as the budget allows and utilize this information within their budget process.

Focus on impact. A main focus of the superintendents was a focus on the impact of the identified budgetary areas addressed or that could not be addressed due to limited budgetary resources to determine the level of the impact on students and the district. The impact was described from a couple of different perspectives from the superintendents, which did correlate to their responses to other questions.

Superintendent Beta responded from both perspectives by explaining:

There are higher accountability measures in place now and changes in what factors are contained in those measures. In response to those changes and new measures, we used resources to fund more opportunities for students to earn college credit, that is a huge focus right now. It also has a huge impact for our

students and their families. One student explained how she was off to Baylor and going to do this and that and then went on to explain what they were going to do in graduate school and this was a whole different perspective for me. We used to just focus on students meeting college level standards and college level work, but now I am thrilled that they are starting off in a totally different place and mindset. This has all been very, very productive and positive for us, especially in terms of our accountability. Now we have almost a quarter of a class earning associates degrees or some level of college credit, before the early college high schools that might have been only 2 to 4%. So, I just think again, expectations have changed, kids are much more resourceful, we just weren't offering it. Those are just some of the things that are changes in college readiness or academic readiness, which requires or relies on tutoring and so forth, not to mention the socialization factor. Then there's the economic impact, the students have to be ready and that's with the family. That takes people, that takes face time. And in some schools, it also takes resources to do it in other languages. So all these other things, it's like the impact of great ideas and we love it and will continue it, but there's the resources that aren't there to provide for it and that puts a strain on other parts of the organization like early childhood or elementary schools.

The superintendent clearly explained the impact of one program that they began in their district, which was the early college high schools that they opened by changing current comprehensive schools. The opening of these schools had a great impact on the students, but there was an underlying impact on the district resources to provide for this

opportunity. The experiences superintendents have or have had with the finance system does frame their work with their budget to have the greatest impact, the relationship between the budget and accountability was also articulated by another superintendent.

Superintendent Alpha noted:

The Texas finance system should help districts to help students achieve. That is easier said than done. You have to figure out leverage points of what might be able to increase academic achievement.... One size fits all is not what they should be doing, such as giving x amount of dollars across the board and then telling us what to do with them. Providing a plan and allowing for maximum flexibility would let each district determine needs and impact to construct their budget.

Communities and situations are not all alike, every city in every school district is different. The state needs to determine what is the level of funding that you need to get a high quality of education in the state of Texas that aligns with what districts are held accountable for in terms of outcomes. School finance has an impact on everything you do. Sometimes you just have to figure out what you have to do to help advocate for your system.

The finance system has a direct impact on what districts fund, which in both of the cases described directly spoke to funding what they are held accountable for, which relates directly to state accountability and district outlined goals.

Superintendent Delta gave specific examples of the impact of the finance system directly to their district ability to retain and compensate personnel. Superintendent Delta responded:

We always have to look at the impact of the budget on the system. In fact, one group of personnel that we are losing are police officers. They are going to the city or the Sheriff's department or a surrounding school district as our compensation is lower, but the expectations of their job keep increasing. We are focused on safety and providing what we can with our resources, but our police officers play a key role in campus safety and security. Our compensation is not keeping up and then the not knowing what the budget is going to do doesn't help, so the impact directly affects how we can meet students' needs. These are basic needs, not wishes or dreams. During our budget process, we try to minimize the impact of the budget based on our needs, but sometimes our resources do not allow us to be competitive.

Through the vast experience base of the superintendents interviewed from Texas urban public districts, each of them was able to deeply articulate budgetary issues related to the Texas school finance system. The superintendents identified factors that affect their ability to provide an equitable and adequate education to the students in their district as well as provide a strong characterization of challenges they deal with, with respect to the Texas finance system. The superintendents relied heavily on their previous budget and finance experience to implement their district budget process so that there is a focus on student needs and ultimately an impact on students. However, there was also a clear line between their experience and the impact of the budget on what could be funded, while still related to student needs, it might not have been the depth of funding needed to thoroughly address the need as identified by the superintendents.

Equity. Equity has been defined and redefined over time as a result of various court cases and extensive litigation. Equity in public school exists in several different forms including horizontal equity, vertical equity, fiscal equity and tax burden equity. The 2019 legislative session in Texas was both challenging and monumental. On Saturday, May 25, 2019 in Austin the Texas House and Senate unanimously approved the final legislation mandating \$6.5 billion for teachers pay raises and school funding, and \$5.1 billion for lower school district taxes. The House approved the measure 139 to 0 and the Senate 30 to 0. Lt. Gov. Dan Patrick said:

House Bill 3 (HB3) is a landmark school finance reform bill that will be transformative for Texas and will help ensure that public schools in our state become number one in the nation. Along with Senate Bill 2, HB3 provides over \$7 billion in property tax relief for Texas voters and includes a \$4,000 average pay raise for veteran teachers, librarians, school counselors and nurses. It will also ensure that our schools utilize cutting edge strategies that finally make sure that all our students can read and succeed.

Summary

The investigation was focused on what superintendents' perceptions for creating a fair and equitable school finance system in Texas is needed. Thus, this study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. The design of the study allowed for eliciting and analyzing superintendents' perceptions of factors, challenges, and experiences regarding

how they navigate the Texas school finance system to achieve their school district goals.

The findings of this study represented three key areas: (a) factors superintendents' believe affect the school finance system in terms of equity and adequacy, (b) superintendents' characterizations of the challenges within the Texas school finance system, and (c) utilization of superintendents' experiences to address equity and adequacy within the Texas school finance system. The findings are discussed in Chapter Five, which concludes the study.

Chapter Five: Summary, Conclusions, and Implications

The public school finance system in Texas has experienced both judicial and legislative reforms, and the state continues to seek remedies to provide a high level of equalized funding that will result in both education efficiency and adequacy (Kauffman, 2008; Saleh, 2011). The legislature's Senate Bill 7 (SB7) established formulas for school funding equalization and recapture which directed wealthier districts to give proportions of their property tax revenues to less funded districts (Benson & Marks, 2005). However, a review of the litigation and legislation demonstrates that ensuring equity for all students is surprisingly elusive and complex (Harvard Law Review, 2015). Nonetheless, there has been much debate and research regarding the methodology and equity of public school finance and student academic achievement; with, conflicting data regarding the actual positive effects (Biddle & Berliner, 2002; Cortex, 2009). Therefore, how the amount of funding affects student outcomes continues to be debated (Rubenstein, 2016). Unfortunately, little agreement about the contextual factors to consider when recommending changes to funding formulas has occurred (Rubenstein, 2016). How to solve school finance problems continues to be prominent on states' policy and judicial agendas. Additionally, prior research efforts included primarily quantitative studies focused on the relationship between money and student academic achievement rather than contextual factors affecting decision making that could be explored with districts' central administrators, such as superintendents (Campbell, 2012; Cruz, 2006). Research regarding public urban school districts superintendent's identification of factors, characterization of challenges, and their direct experiences with the school finance

system to address equity and adequacy, is limited. The Texas Commission of Public School Finance (2018) has assisted policymakers and educators in Texas to better understand that how money is spent has a greater impact than how much money is funded, and the commission's findings also included significant attention to the contextual considerations present in many Texas school districts. Therefore, this study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. This chapter includes a summary of the study, and a discussion of the findings. The conclusion contains implications for practice and further research related to the topic of equity and adequacy in working with the school finance system.

Summary of the Study

Researchers have provided a lot of information about the Texas school finance system over time in relation to the judicial and legislative changes with the intent of addressing various issues such as equity and adequacy. However, as noted by Warren (2008) and Dlott (2007), there has been a lack of qualitative research involving superintendents' perspectives in redesigning school funding formulas and supported targeting this population. This study was conducted to reduce the gap in information. Further, the investigation was focused on superintendents' perceptions about creating a fair and equitable school finance system in Texas. Thus, this study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their

districts' goals and priorities. The design of the study allowed for eliciting and analyzing superintendents' perceptions of the aforementioned. An overview of the literature supporting the study and the study's methodology appear next.

Literature Review

To date, Texas' public school funding comes from the federal and state funds and local school district property taxes. Most funding comes from local property taxes, which are collected from local property owners by school districts. The primary source of school funding in Texas lays with local school districts' assessing property taxes on their residents (Berry, 2011). Importantly, Texas public school districts are legislatively supported through a state-funded program designed to establish a minimum educational threshold in every school relying on local property taxes for supplemental revenue (Coalition to Invest in Texas Schools, 2004). However, school finance continues to be an elusive problem for Texas. Texas school districts have repeatedly sued the state over the past few decades, arguing the state has not provided enough money to ensure public school students receive an adequate education. In *Morath*, Justice Willett of the Texas Supreme Court ruled that the Texas school funding system is the following:

Undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements. Accordingly, we decline to usurp legislative authority by issuing reform diktats from on high, supplanting lawmakers' policy wisdom with our own. We hope lawmakers will seize this urgent challenge and upend an ossified regime ill-suited for 21st century Texas.
(p. 99)

The state has endured decades of fruitless school finance litigation that have led to a system that the Texas Supreme Court called Byzantine, meaning convoluted and intricate. The system is complicated, incomprehensible, and disconnected from the fundamental imperatives that drive the quest for student achievement, teaching excellence, and the state's economic success. Because of the *Morath* opinion and the legislature's failure to make changes to the state's allocation formulas for providing money to public schools during the 2017 session, the Texas Commission on Public School Finance was established to develop and make recommendations for improvements to the current public school finance system or for new methods of financing public schools. On January 23, 2018, the Texas Commission on Public School Finance held its first meeting with a new attempt at fundamentally overhauling the school finance system and public education. In July of 2018, the commission presented its working white paper (Texas Commission on Public School Finance, 2018). On December 31, 2018, the commission delivered its report to the governor and the legislature with its recommendations for statutory changes that could improve the public school finance system of Texas.

Texas' school finance system is facing big challenges, but they are not impossible to overcome. In addition, the challenges in funding cannot be resolved in isolation from the accountability standards requiring student achievement and growth. In fact, the Texas legislature has never comprehensively addressed the resources needed to meet the academic standards students in Texas need to achieve to ensure the state remains competitive economically (Center for Public Education, 2008). Given that Lafortune et

al. (2016) concluded that exposure to higher levels of public K-12 spending in school has a large beneficial effect on the students' academic outcomes with effects that are much more pronounced for children from low-income families, the focus should be on schools securing as much money as necessary to ensure each child receives an equally great education.

Cortez (2009) and Kauffman (2008) encouraged further research regarding how to improve the school finance system in Texas, particularly in urban districts serving growing numbers of economically disadvantaged students because of two areas that lack needed research findings. Warren (2008) and Dlott (2007) noted the lack of qualitative research involving superintendents' perspectives in redesigning school funding formulas and supported targeting this population. Few studies have focused on what superintendents recommend for creating a fair and equitable school finance system in Texas. It is the superintendents who lead local school districts' efforts to meet the needs of all students, including economically disadvantaged students. Superintendents might be the best source of information for illuminating the factors and challenges contributing to inequities based on their experiences leading urban school districts. Furthermore, the gap in the literature regarding the perceptions and attitudes about challenges and experiences leading and managing their school districts' budgets while being held accountable for student academic achievement needed narrowing.

Purpose and Research Questions

This study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school

finance system to achieve their districts' goals and priorities. This study was guided by the following three research questions:

1. What factors do superintendents believe affect the Texas school finance system in terms of equity and adequacy?
2. How do superintendents characterize challenges within the Texas school finance system?
3. How do superintendents use their experiences to address equity and adequacy within the Texas school finance system?

Methodology

A qualitative, interpretivist design for providing data about the three superintendents' experiences with school finance in Texas was utilized for this study (Roth & Mehta, 2002). The research was conducted with superintendents representing three urban Texas public school systems with enrollments of at least 75,000 students. The research took place between April and September of 2019 with individual interviews of each superintendent. Each of the three urban school district superintendents participated in one interview that was audio recorded and transcribed. Artifacts from the three school districts identified as Alpha, Beta, and Delta ISDs were also collected from the participants directly, the districts' websites, or the TEA. The collection of resultant data was analyzed with open, axial, and selective coding (Corbin & Strauss, 2008). Triangulation was constant throughout the analysis.

Summary and Discussion of the Findings

The findings of this study represented three key areas: (a) factors superintendents' believe affect the school finance system in terms of equity and adequacy, (b) superintendents' characterizations of the challenges within the Texas school finance system, and (c) utilization of superintendents' experiences to address equity and adequacy within the Texas school finance system. These findings are summarized and discussed in conjunction with literature and legal considerations in the following paragraphs.

Factors Affecting the School Finance System

The superintendents' interviewed identified three key factors that affect the school finance system in terms of equity and adequacy. These factors are discussed including references to the existing literature. According to the findings, superintendents identified the three factors as the local property tax system, weighted average daily attendance, and recapture.

Local property tax system. Based on the findings, the local property tax system as the foundation of the funding for urban school districts provides some challenges in terms of having high property wealth, but also a high poverty and high need student enrollment. The current system allows for tax ratification, in which taxpayers elect to tax themselves at a higher rate to provide more monies for the needs of the district, but currently that system does not always generate adequate additional funds and relies on taxpayers understanding of the current finance system. Judicial actions were also in agreement with this finding in the state landmark case of 1987, Edgewood ISD v Kirby,

when a Texas district court found that the state's financing system violated "equal protection" and the "efficient system" clause of the constitution. This finding is also in alignment with Yudof (1991) that concurred that a failure to restructure the finance system was its overall failure, which was also in response to judicial action based on disparities in property wealthy and property poor districts. Bartolomeo (2004) summed up the Texas education finance system as simply dependent on a student's zip code. As Berry (2011) noted, problems with the property tax method of school funding cannot adequately manage competing priorities and school districts suffer from an increasing reliance on state government for funding because the local communities' lack the needed property tax revenue.

Further efforts have been made legislatively to correct issues related to school finance, supporting the idea that the local property tax system did not allow for equity. This further action was described by Benson & Marks (2005) as legislation included an important and controversial new element in which equalization/recapture formulas directed wealthier district to give proportions of their property taxes to less funded districts, which has become an additional factor identified by the superintendents interviewed as a key factor affecting equity and adequacy.

Weighted average daily attendance (WADA). Based on the findings, WADA was identified as a factor that affects equity and adequacy. As noted by the superintendents, WADA provides additional funds based on students' identification or participation in specialized programs, but the actual funding formula does not cover the cost of these programs or needs of students. Baker (2012) identified that many factors,

including student poverty, parental education level, and the way schools are organized, contribute to students' educational needs. This research strongly supports the factor that the weighted average daily attendance does not address all of the needs of the students being served in an urban, public school system as noted by the superintendents. The findings are consistent with previous research, such as Jackson, Johnson, and Persico (2015) who found that money spent on education does matter. Moreover, Lafortune et al. (2016) discovered a consistent pattern that happens over time suggesting states that sent additional monies to their lowest income school districts demonstrated more academic improvement than states that did not support lowest income districts with additional funds.

Weighted funding is important to assist with educational costs associated with specialty programs and identified student needs, the need to review the weighted formulas and consider additional needs, such as level of poverty has been identified as a missing factor in this methodology as concluded by Jackson et al. (2015) and Lafortune et al. (2016) and supported by the superintendents as a factor that affects equity and adequacy within the finance system.

Recapture. According to the findings, superintendents identified recapture as a factor that affects the school finance system in terms of equity and adequacy. Each district was subjected to the recapture provision in the Texas school finance system and according to Cook (2004) and Bravo (2017) continues to be questioned as to the fairness and effectiveness of the recapture plan. Recapture was established legislatively as when a district's tax revenue exceeds the set amount, it is classified as a property wealthy

district, subject to recapture with several options to reduce its property wealth that include sending money to the state to be redistributed to property poor districts or sending money directly to a property poor district as the Robin Hood effect (Benson & Marks, 2005; Equity Center, 2012). Currently 451 districts are subject to recapture, when at its inception only 104 districts were (TEA, 2018a).

Robin Hood does not provide adjustments when calculating payments from property wealthy districts (Baker, 2012). For example, Houston ISD reported 76% of students were economically disadvantaged, yet the district remained subject to recapture payments (TEA, 2017). As stated by Texas Taxpayers and Research Association Research Foundation (2016) the economic rationale for redistributing school funds from high-wealth to low-wealth school systems could be justifiable except that the system has not functioned as envisioned. Further research supports that the Robin Hood plan is a factor that affects equity and adequacy in their finding that the past year \$5.4 billion were recaptured from high-wealth school systems, but those dollars were not spent on the education of low-wealth student populations (Taxpayers Texas, 2017). Simmons (2001) concurred that the Robin Hood plan did not perform as conceptualized and “produced a paradox involving the actual results of the process as opposed to the perceived results” (p. 87).

The findings found each of the districts that were categorized to high-wealth property districts also had a high level of low socioeconomic students enrolled that had a deep range of needs that were difficult to meet under the Robin Hood plan. Warren (2008) supports this finding in that property wealthy districts with a significant number of

low-income students suffer negative effects from recapture more so than property wealth districts serving high-income students.

Characterization of Challenges

Based on the findings, challenges were characterized in relation to the Texas school finance system. These characterizations appeared to be antiquated, misaligned, and convoluted.

Antiquated. Findings suggest that the Texas school finance system is antiquated in relation to dealing with equity and adequacy for school funding. The finance system has undergone modifications based on judicial rulings and legislation as supported through research by Saleh (2011), Alexander & Wall (2006) and Walter & Sweetland (2003). Essentially, there exists evidence that the public school finance system in Texas has experienced both judicial and legislative reforms, and the state continues to seek remedies to provide a high level of equalized funding that will result in both educational efficiency and adequacy (Kauffman, 2008; Saleh, 2011). More recently, a commission was established to delve into the Texas school finance system and according to the commission, more of the same approach to school finance in Texas is not adequate (Texas Commission on Public School Finance, 2018, p. 2).

Misalignment. Alignment within the findings, supports the characterization of the school finance system as being misaligned. Alignment between needed resources and accountability for student achievement is supported through Hoover and Shook (2003) findings that policymakers throughout the country reward achievement and punish failure in schools to ensure that children receive high quality education with tax dollars

collected. The Texas legislature has never comprehensively addressed the resources needed to meet the academic standards students in Texas need to achieve to ensure the state remains competitive economically (Center for Public Education, 2008). The misalignment of resources and accountability with students needs was a clear finding and supported by Jackson et al., (2015) and Lafortune et al. (2016) when they used extensive data and quantitative methods to show an additional 10% of funding for low income students could increase their educational attainment by one-half year.

A focus of accountability expectations and alignment with resources based on student needs was a finding supported by Lafortune et al. (2016) when they concurred that understanding the context within which money is spent offers fresh momentum to those filing lawsuits to ameliorate the effects of Robin Hood felt by property wealthy districts who serve high numbers of low income students.

Convolutd. Findings suggest that the Texas school finance system is characterized as being convoluted. Through the various litigation and legislative changes over time, the system has become very difficult to explain and even harder to understand without a depth of study. The Equity Center (2012) concurred with this characterization when they found that the state's school finance system has been adjusted only in response to court decisions that demanded greater equality of access to per-pupil revenues for districts taxed at similar rates and has created a set of complex and convoluted formulas to support public schools. In addition, Moak and Associates (2008) reported that many aspects of the finance system have become increasingly misunderstood by Texas

residents, and the system has continued to come under legal attack during the 21st century.

It appears by the findings that the superintendents acknowledge the complexity and convolutedness of the Texas school finance system and are deeply involved in the finance and budgeting functions of their districts in order to understand and manage resources. Investing in the study of the finance system seems to be an essential role of the superintendent in order to explain and provide sense-making for their district communities in terms of equity and adequacy.

Utilization of Experience

Based on the findings, superintendents utilized their experiences similarly in the case of impact and need, but differently in terms of process. Through their experiences, they articulated components of their district, such as needs and impact in a manner that others who weren't as familiar with the district could not address. Also, through their experiences, superintendents learned the finance system and the implications of additional resources or the loss of revenue and the effects of these circumstances on what they could fund within their district. The main aspects of the utilization of experience involved budget process, needs, and impact.

Budget process. In the specific situation of school finance, superintendents generally worked closely with the finance and budget personnel to understand and garner the ability to speak directly in regard to budgets. However, in this case the approach to the actual allocation of funds was approached differently. One approach involved funding district priorities first and then determining what could be funded with remaining

budgetary amounts. The other approach approached their funding with personnel expenses first and then utilized remaining dollars for priorities. In both methods, superintendents relied on their previous budget and finance experience to work with their budgeted allocations. As supported by Campbell (2012) and Cruz (2006) there is a need to include contextual factors affecting decision making that can be explored with districts' central administrators, such as superintendents.

In the budgeting process, superintendents must understand and articulate their budgetary decisions and as cited by Moak & Associates (2008), with the many aspects of the Texas school finance system becoming increasingly misunderstood by Texas residents, with the system continuing to come under legal attack during the 21st century, it is critical that superintendents' experience becomes a voice at the table in terms of resources needed and the clarification of district needs.

Needs. Concurrent with the findings is the premise that superintendents rely on their experience to utilize allocated budgets to address district needs. The FSP dictates how much state funding to which school districts are entitled based on statute and districts' characteristics including the number and type of students enrolled, district size, area geographic factors, and local taxable property values with corresponding tax rates (Barba et al., 2016). Through this process districts are allocated funds, districts then utilize their local budget process to determine if they can meet their needs. Berry (2011) identified problems with the property tax method of school funding that cannot adequately manage competing priorities and thus, school districts suffer from an increasing reliance on state government for funding because of the local communities'

lack of needed property tax revenue. Findings show in all cases districts prioritize needs, whether they were new programs or personnel costs. In addition, superintendents are required to be deeply versed on budget allotments and student needs.

In accordance with the findings, there is also a strong case to address the student needs from low-income student enrollments. This is an identified area that has not been addressed within the formulas as per the findings. In fact, Transparency Texas (2017) found that within the past year \$5.4 billion were recaptured from high wealth-school systems, but those dollars were not spent on the education of low-wealth student populations. The ability of the superintendents to balance allocated funds to address student needs is deeply based on the experiences of the superintendents and their knowledge of the Texas finance system.

Impact. According to the findings, the Superintendents prioritize budget allocations based on student needs and the impact of the dollars on student achievement. Boser (2014) identified successful school systems produce high student achievement. Concurring research by McKenzie & Kress (2015) identified that states now have the authority to provide their own rules for accountability that has led to fierce discussions about what entity or agency has the power to hold schools accountable, what measures should be used to hold schools accountable, and what penalties and actions should be enacted when students do not achieve academically. The superintendents carefully identify their budgetary allocations in terms of student needs and the impact on achievement the funds will produce.

Superintendents apply prioritization methods to determine how to address student needs and which expenses will have the greatest impact on student achievement within the dollars they are allocated. However, as supported in research, identifying the specific effect on money spent has methodologically been difficult (Hanushek, 2006). Within the findings, superintendents rely on their experience to guide them in prioritizing what matters the most for the students they serve and the impact on their success as established by the state accountability measures, district goals and district priorities. Supported by research, Jackson, Johnson, & Persico (2015) found that money spent on education does matter.

Implications for Practice and Further Research

This study was undertaken to analyze perceptions of superintendents in regard to the factors, challenges, and experiences of navigating and managing the Texas school finance system to achieve their districts' goals and priorities. The focus included how superintendents should be part of the broader discussion and decision-making process of the school finance system at the state level. Only three Texas, public urban superintendents with a minimum of 3 years of experience as a superintendent participated in this study. Data were collected through interviews and documents. Documents were either provided by the superintendent or part of the public domain. The factors, challenges, and experiences represented some of the finance aspects identified through litigation and legislation in Texas, superintendent's experience, and identification of factors. The characterization of the challenges might limit the application of this study to

the state of Texas, given the state's unique school funding policies. Nonetheless, the findings yield the following recommendations for additional research and practice.

Recommendations for Practice

Superintendents interested in strategic planning and advisement on utilization of dollars provided by the state school finance system may need to:

- Develop a variety of novel approaches to the budget development process that start with different factors than have been previously been utilized to address needs and to analyze their impact effectively.
- Engage with and encourage key legislators and state education agency personnel to be inclusive of school districts' leaders when gathering perspectives regarding the school finance system.
- Identify matches between accountability systems and expenditures to assist with articulating budgetary needs.
- Develop clear and informative budget presentations that can be understood by various audiences to assist with budgetary understanding and meeting the district needs toward goal attainment.

Recommendations for Research

Based on the scope of this study, there is a need for additional research in the area of the Texas school finance system. Future researchers are encouraged to consider:

- Expanding the sample of participants to include superintendents from other types of districts that include rural and suburban categories and identifying

their perceptions of the factors, challenges, and experiences with developing equitable and adequate budgets.

- Conducting a study utilizing multiple perspectives of the chief financial officers of the same types of districts to determine if there is congruence between their perceptions and superintendents' perceptions.
- Investigating if the recent passage of the 2019 House Bill 3 in the state of Texas mitigates any of the factors and challenges identified in this study since this study was conducted in 2019 prior to the bill taking effect.
- Researching the actual cost of education of programs and populations in the specific WADA formula to determine if the funding is adequate to provide an equitable and adequate education for all populations of students in the identified programs.

Conclusions

Superintendents of each school district play an integral role in strategic planning and advise their school boards on how best to utilize dollars provided by the state school finance system. Research has identified a need for the superintendents of school districts to be involved with the school finance system at a higher level to provide their perspective on the factors, challenges and utilization of funds based on their experiences. This is a body a knowledge that has not been provided a voice in a system that directly impacts their ability to achieve their district goals and state accountability system measures. In addition, the superintendents' perspectives will assist with the

understanding of how better to achieve an equitable and adequate public school finance plan.

As identified in Article 7 of the Texas Constitution, it is the “Duty of the legislature of the state to establish and make suitable provision for the support and maintenance of an efficient system of public free schools” (Tex. Const. Art. VII §1). In order to perform this function, superintendents and other central administrators involved in the finance system from the districts served should have opportunities to share experiences, factors that may impede or hinder this duty, as well as the challenges they face when determining how to meet student needs and state accountability based on the level of funding received. The vast experience of the superintendents can provide clarification on equitable funding. Equity has been defined and redefined over time as a result of various court cases and extensive litigation and superintendents have a unique perspective on the results of the efforts to provide equity in education.

Revisiting the methodology in which public schools are funded is important to consider when identifying how to provide for an equitable and adequate education for the students of Texas. Through the litigation and legislation, research has shown that not all outcomes have resulted in the expected outcome and may in fact be detrimental for the school finance system over time by creating more inequity and inadequacy. The superintendent perspective of the factors that face public schools in terms of the funding methodology would improve the capacity to correct the funding system to achieve greater equity and adequacy.

Another key component in the Texas school finance system relies on creating a funding system that addresses current student population needs and understanding the impact of dollars on student achievement, district goal attainment, and the state accountability system. There should be alignment between the established accountability system and adequate funding. Superintendents are often times put in positions to determine what will provide the most impact on student achievement and accountability with the dollars allocated, thus determining which other items to de-prioritize. The superintendent perspective could assist governing bodies to understand students' needs, requirements, and accountability priorities so that equitable and adequate funding could occur through updating the weighted average daily attendance system, revising the funding formulas to include socioeconomic student enrollment, and critical programs and/or needs for accountability.

Providing an equitable and adequate school finance system is critical for the wellbeing of society as a whole and the future economic implications to schools and communities. The recent 2019 legislative session in Texas was both challenging and monumental. On Saturday, May 25, 2019, in Austin, the Texas House and Senate unanimously approved the final legislation mandating \$6.5 billion for teachers pay raises and school funding, and \$5.1 billion for reducing school district taxes. The House approved the measure 139 to 0 and the Senate 30 to 0.

Lt. Gov. Dan Patrick said, "House Bill 3 (HB3) is a landmark school finance reform bill that will be transformative for Texas and will help ensure that public schools in our state become number one in the nation. Along with Senate Bill 2, HB3 provides

over \$7 billion in property tax relief for Texas voters and includes a \$4,000 average pay raise for veteran teachers, librarians, school counselors and nurses. It will also ensure that our schools utilize cutting edge strategies that finally make sure that all our students can read and succeed.” With the passage of this legislation, the superintendent’s role and his or her ability to strategically plan and advise their school boards on how best to utilize the dollars provided by the state school finance system will be critical to determine if the latest legislation does in fact provide an equitable and adequate funding finance system for public education in the state of Texas.

HB3, a sweeping and historic school finance bill was passed by the 86th Texas Legislature in 2019 and signed by Gov. Greg Abbott. The bill provides more money for Texas classrooms, increases teacher compensation, reduces recapture and cuts local property taxes for Texas taxpayers. HB 3 is one of the most transformative Texas education bills in recent history and ironically relied on extensive testimony by several superintendents, including the superintendent from Alpha ISD. The bill is the result of months of work beginning with the Texas Commission on Public School Finance and culminating in bipartisan work between the members of the Texas House and Senate and is both inclusive and reflective of the superintendents’ voice demonstrating how significant the superintendents’ perceptions of funding issues contributing to equity and adequacy are in actualizing the aspirational goal of Texas providing excellence and equity in education for ALL students.

Appendix A: Interview Guide

Questions

1. How many years have you been a superintendent?
2. How many different school district settings have you had experience in as a superintendent?
3. Tell me about your experience with school finance and budget development:
 - a. Before being the superintendent of this district.
 - b. During your tenure as the superintendent of this district.
4. Describe how you describe your district's:
 - a. Chapter 41 or Chapter 42 status.
 - b. Size.
 - c. Location description (such as wealth status for property taxes)
 - d. Student economic make-up.
 - e. Student race and ethnic make-up.
5. How do you perceive your district has been affected by the Texas school finance system:
 - a. In the area of curriculum and programs?
 - b. In the area of compensation?
 - c. In area of campus climate
 - d. In the area of teacher satisfaction?

- e. In the area of safety and security of your schools due to school funding issues?
6. Reflecting on your experience, what do you think are the necessary steps that the Texas legislature should take when working to:
- a. Allocate more funding to ISDs
 - b. Reduce the disparity in per pupil funding
 - c. Provide an equitable funding system responsive to some school districts' unique economic challenges
7. What have you concluded about the overall effect of the current funding system on your school district in terms of:
- a. Academic outcomes
 - b. Closing the gap
 - c. Teacher turnover
 - d. School climate

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